

**RHB CAPITAL BERHAD**

(312952-H)

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**ANNOUNCEMENT OF AUDITED RESULTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the audited results of the Group and the Company for the financial year ended 31 December 2007 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	Note	4th quarter ended		12 months ended	
		31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
Interest income	A8	<b>1,208,207</b>	1,204,276	<b>4,867,321</b>	4,410,723
Interest expense	A9	<b>(664,861)</b>	(686,421)	<b>(2,768,412)</b>	(2,465,314)
Net interest income		<b>543,346</b>	517,855	<b>2,098,909</b>	1,945,409
Other operating income	A10	<b>218,108</b>	253,218	<b>961,177</b>	859,968
		<b>761,454</b>	771,073	<b>3,060,086</b>	2,805,377
Income from Islamic Banking business		<b>89,857</b>	85,343	<b>328,323</b>	236,099
		<b>851,311</b>	856,416	<b>3,388,409</b>	3,041,476
Other operating expenses	A11	<b>(461,196)</b>	(357,135)	<b>(1,505,709)</b>	(1,354,739)
Operating profit before allowances		<b>390,115</b>	499,281	<b>1,882,700</b>	1,686,737
Allowance for losses on loans, financing and other losses	A12	<b>(49,982)</b>	(223,192)	<b>(574,115)</b>	(709,366)
Impairment loss		<b>(47,104)</b>	(20,544)	<b>(62,293)</b>	(36,600)
		<b>293,029</b>	255,545	<b>1,246,292</b>	940,771
Share of results of associates		<b>114</b>	(36)	<b>218</b>	(475)
<b>Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends and taxation</b>		<b>293,143</b>	255,509	<b>1,246,510</b>	940,296
INCPS dividends	A13	<b>(26,988)</b>	(27,838)	<b>(109,597)</b>	(110,447)
<b>Profit after INCPS dividends and before taxation</b>		<b>266,155</b>	227,671	<b>1,136,913</b>	829,849
Taxation	B5	<b>(91,748)</b>	(65,081)	<b>(314,848)</b>	(233,952)
<b>Profit for the financial period/year</b>		<b>174,407</b>	162,590	<b>822,065</b>	595,897
Attributable to:					
- Equity holders of the Company		<b>173,180</b>	123,742	<b>712,930</b>	438,310
- Minority interests		<b>1,227</b>	38,848	<b>109,135</b>	157,587
		<b>174,407</b>	162,590	<b>822,065</b>	595,897
<b>Earnings per share</b>					
- Basic (sen)	B13	<b>8.0</b>	6.8	<b>35.8</b>	24.0
- Fully diluted (sen)		<b>n/a</b>	n/a	<b>n/a</b>	n/a

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**

**CONDENSED INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	Note	4th quarter ended		12 months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
<b><u>Company</u></b>					
Interest income	A8	83	22,415	46,928	85,355
Interest expense	A9	(27,116)	(23,250)	(95,518)	(102,483)
Net interest expense		(27,033)	(835)	(48,590)	(17,128)
Other operating income	A10	1,013,165	20,858	1,372,199	462,692
Net income		986,132	20,023	1,323,609	445,564
Other operating expenses	A11	(19,066)	(7,162)	(45,158)	(23,115)
<b>Profit before taxation</b>		<b>967,066</b>	12,861	<b>1,278,451</b>	422,449
Taxation	B5	(264,133)	(1,203)	(343,656)	(116,462)
<b>Profit for the financial period/year</b>		<b>702,933</b>	11,658	<b>934,795</b>	305,987

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 RM'000
<b>Group</b>			
<b>ASSETS</b>			
Cash and short term funds		19,048,148	10,671,553
Securities purchased under resale agreements		567,836	2,691,541
Deposits and placements with banks and other financial institutions		3,365,740	5,590,420
Securities held-for-trading	A14	5,761,145	5,160,642
Securities available-for-sale ('Securities AFS')	A15	7,674,258	6,269,350
Securities held-to-maturity	A16	7,041,480	13,107,585
Loans, advances and financing	A17	54,554,651	53,392,886
Clients' and brokers' balances		246,870	177,027
Other assets	A18	649,267	565,298
Derivative assets		109,157	168,819
Amount due from holding company	A19	-	1,236,030
Statutory deposits		1,673,865	1,905,043
Tax recoverable		52,887	53,032
Deferred tax assets		249,119	254,767
Investments in associates		15,533	15,289
Prepaid land lease		99,594	100,245
Property, plant and equipment		760,791	782,935
Goodwill		3,283,953	1,167,513
Total assets		<u>105,154,294</u>	<u>103,309,975</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	A20/B9(a)	75,793,231	57,525,532
Deposits and placements of banks and other financial institutions	A21/B9(a)	8,670,331	11,577,118
Obligations on securities sold under repurchase agreements		-	14,995,199
Bills and acceptances payable		3,959,943	3,778,758
Clients' and brokers' balances		368,436	251,372
Other liabilities	A22	1,606,923	1,836,280
Derivative liabilities		129,242	158,231
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,854,873	2,879,284
Taxation		101,626	90,518
Deferred tax liabilities		593	16,522
Borrowings	B9(b)	1,925,677	1,551,812
Subordinated obligations	B9(c)	2,665,000	1,493,158
INCPS		1,004,431	1,104,469
Total liabilities		<u>98,080,306</u>	<u>97,258,253</u>
Share capital		2,153,475	1,823,475
Reserves		4,894,885	3,104,564
		7,048,360	4,928,039
Minority interests		25,628	1,123,683
Total equity		<u>7,073,988</u>	<u>6,051,722</u>
Total liabilities and equity		<u>105,154,294</u>	<u>103,309,975</u>
Commitments and contingencies	A27(a)	<u>56,608,914</u>	<u>56,939,867</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>3.27</u>	<u>2.70</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 RM'000
<b><u>Company</u></b>			
<b>ASSETS</b>			
Cash and short term funds		476,455	13,398
Deposits and placements with banks and other financial institutions		1,211	1,171
Other assets	A18	32,903	32,857
Amount due from holding company	A19	-	1,236,030
Amounts due from subsidiaries/related companies		9,677	126,200
Tax recoverable		28,297	19,172
Investments in subsidiaries		7,350,910	6,911,026
Property, plant and equipment		673	1,295
Total assets		<u>7,900,126</u>	<u>8,341,149</u>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	A22	37,727	40,852
Amounts due to subsidiaries/related companies		155,329	3,262,588
Deferred tax liabilities		16	45
Borrowings	B9(b)	1,594,977	1,269,412
Total liabilities		<u>1,788,049</u>	<u>4,572,897</u>
Share capital		2,153,475	1,823,475
Reserves		3,958,602	1,944,777
Total equity		<u>6,112,077</u>	<u>3,768,252</u>
Total liabilities and equity		<u>7,900,126</u>	<u>8,341,149</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	Attributable to equity holders of the Company									Minority interests	Total equity
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Translation reserves	Retained profits	Sub-total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>											
<b>Balance as at 1 January 2007</b>	1,823,475	1,114,593	1,443,797	6,431	8,563	29,590	(6,568)	508,158	4,928,039	1,123,683	6,051,722
Currency translation differences	-	-	-	-	-	-	3,694	-	3,694	(2,051)	1,643
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(28,143)	-	-	(28,143)	(3,714)	(31,857)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	21,119	-	-	21,119	4,995	26,114
Liquidation of a subsidiary	-	-	-	(18,280)	-	-	(7,275)	25,555	-	-	-
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	(1,157,061)	(1,157,061)
Deferred tax	-	-	-	-	-	1,691	-	-	1,691	(238)	1,453
Income and expenses recognised directly in equity	-	-	-	(18,280)	-	(5,333)	(3,581)	25,555	(1,639)	(1,158,069)	(1,159,708)
Profit for the financial year	-	-	-	-	-	-	-	712,930	712,930	109,135	822,065
Total income and expenses recognised for the financial year	-	-	-	(18,280)	-	(5,333)	(3,581)	738,485	711,291	(1,048,934)	(337,643)
Transfer in respect of statutory requirements	-	-	224,217	-	-	-	-	(224,217)	-	-	-
Transfer of merger debit difference to retained profits	-	-	-	11,849	-	-	-	(11,849)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(158,470)	(158,470)	-	(158,470)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(49,121)	(49,121)
Issue of ordinary shares	330,000	1,237,500	-	-	-	-	-	-	1,567,500	-	1,567,500
<b>Balance as at 31 December 2007</b>	<b>2,153,475</b>	<b>2,352,093</b>	<b>1,668,014</b>	<b>-</b>	<b>8,563</b>	<b>24,257</b>	<b>(10,149)</b>	<b>852,107</b>	<b>7,048,360</b>	<b>25,628</b>	<b>7,073,988</b>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

	Attributable to equity holders of the Company								Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Translation reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			Sub-total
<b>Group (continued)</b>											
<b>Balance as at 1 January 2006</b>	1,823,475	1,114,593	1,292,229	6,431	8,563	(4,133)	4,003	247,394	4,492,555	1,014,077	5,506,632
Currency translation differences	-	-	-	-	-	-	(10,291)	-	(10,291)	(5,223)	(15,514)
Unrealised net gain/(loss) on revaluation of securities AFS	-	-	-	-	-	61,361	-	-	61,361	(7,119)	54,242
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(15,197)	-	-	(15,197)	3,704	(11,493)
Liquidation of a subsidiary	-	-	-	-	-	-	(280)	280	-	-	-
Deferred tax	-	-	-	-	-	(12,441)	-	-	(12,441)	1,164	(11,277)
Income and expenses recognised directly in equity	-	-	-	-	-	33,723	(10,571)	280	23,432	(7,474)	15,958
Profit for the financial year	-	-	-	-	-	-	-	438,310	438,310	157,587	595,897
Total income and expenses recognised for the financial year	-	-	-	-	-	33,723	(10,571)	438,590	461,742	150,113	611,855
Transfer in respect of statutory requirements	-	-	151,568	-	-	-	-	(151,568)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(26,258)	(26,258)	-	(26,258)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(40,507)	(40,507)
<b>Balance as at 31 December 2006</b>	<u>1,823,475</u>	<u>1,114,593</u>	<u>1,443,797</u>	<u>6,431</u>	<u>8,563</u>	<u>29,590</u>	<u>(6,568)</u>	<u>508,158</u>	<u>4,928,039</u>	<u>1,123,683</u>	<u>6,051,722</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<b><u>Company</u></b>				
<b>Balance as at 1 January 2007</b>	1,823,475	1,114,593	830,184	3,768,252
Profit for the financial year	-	-	934,795	934,795
Ordinary dividends	-	-	(158,470)	(158,470)
Issue of ordinary shares	330,000	1,237,500	-	1,567,500
<b>Balance as at 31 December 2007</b>	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,606,509</u>	<u>6,112,077</u>
<b>Balance as at 1 January 2006</b>	1,823,475	1,114,593	550,455	3,488,523
Profit for the financial year	-	-	305,987	305,987
Ordinary dividends	-	-	(26,258)	(26,258)
<b>Balance as at 31 December 2006</b>	<u>1,823,475</u>	<u>1,114,593</u>	<u>830,184</u>	<u>3,768,252</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	12 months ended	
	31 Dec 2007	31 Dec 2006
	RM'000	RM'000
<b>Group</b>		
<b>Operating activities</b>		
Profit before INCPS dividends and taxation	1,246,510	940,296
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(128,879)	(129,542)
Operating profit before working capital changes	1,117,631	810,754
Net changes in operating assets	3,414,087	(11,273,182)
Net changes in operating liabilities	(624,291)	12,599,849
Cash generated from operations	3,907,427	2,137,421
Taxation paid	(363,962)	(197,514)
Taxation recovered	50,631	47,100
Net cash generated from operating activities	<b>3,594,096</b>	<b>1,987,007</b>
<b>Investing activities</b>		
Net sale/(purchase) of securities	4,638,192	(3,322,039)
Interest received from securities	687,842	616,823
Investment income received from securities	16,701	13,622
Dividend income received from securities	6,318	6,518
Proceeds from disposal of property, plant and equipment	5,514	16,341
Capital repayment upon liquidation of subsidiaries	2,408	-
Acquisition of shares from minorities of a subsidiary	(3,373,541)	-
Purchase of property, plant and equipment	(74,448)	(71,486)
Increase in investments in an associate	(26)	(30)
Net cash generated from/(used in) investing activities	<b>1,908,960</b>	<b>(2,740,251)</b>
<b>Financing activities</b>		
Net proceeds from issuance of subordinated notes	2,170,000	-
Proceeds from issuance of ordinary shares	1,567,500	-
Drawdown of borrowings	669,380	523,680
Redemption of subordinated bonds	(965,000)	-
Repayment of borrowings	(280,440)	(278,032)
Dividends paid to equity holders of the Company	(158,470)	(26,258)
INCPS dividends paid	(79,984)	(79,522)
Dividends paid to minorities	(49,121)	(40,507)
Payment to hire-purchase creditors	(356)	(562)
Net proceeds from issuance of bonds	-	340,900
Redemption of bonds	-	(375,000)
Net cash generated from financing activities	<b>2,873,509</b>	<b>64,699</b>
Net increase/(decrease) in cash and cash equivalents	<b>8,376,565</b>	<b>(688,545)</b>
Cash and cash equivalents		
- at the beginning of the financial year	<b>10,671,553</b>	11,360,098
- at the end of the financial year	<b>19,048,118</b>	10,671,553
Cash and cash equivalents comprise the following:		
Cash and short term funds	<b>19,048,148</b>	10,671,533
Overdrafts	(30)	-
	<b>19,048,118</b>	10,671,533

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.



**RHB CAPITAL BERHAD (312952 – H)**
**CONDENSED CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	12 months ended	
	31 Dec 2007	31 Dec 2006
<u>Company</u>	RM'000	RM'000
<b>Operating activities</b>		
Profit before taxation	1,278,451	422,449
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(1,321,859)	(443,363)
Operating loss before working capital changes	(43,408)	(20,914)
Net changes in operating assets	1,280,822	96,627
Net changes in operating liabilities	(16,926)	(82,667)
Cash generated from/(used in) operations	1,220,488	(6,954)
Taxation recovered	9,836	9,311
Net cash generated from operating activities	<u>1,230,324</u>	<u>2,357</u>
<b>Investing activities</b>		
Dividend income received from subsidiaries	959,854	332,992
Capital repayment upon liquidation of a subsidiary	2,370	-
Interest income received	1,488	3,074
Proceeds from disposal of a subsidiary	152	-
Proceeds from disposal of property, plant and equipment	5	310
Acquisition of shares from minorities of a subsidiary	(3,373,541)	(130,780)
Purchase of property, plant and equipment	(44)	(102)
Net cash (used in)/generated from investing activities	<u>(2,409,716)</u>	<u>205,494</u>
<b>Financing activities</b>		
Proceeds from issuance of ordinary shares	1,567,500	-
Drawdown of borrowings	603,240	241,280
Repayment of borrowings	(280,440)	(278,032)
Dividends paid to equity holders of the Company	(158,470)	(26,258)
Interest expense paid	(89,055)	(94,303)
Payment to hire-purchase creditors	(356)	(562)
Net proceeds from issuance of bonds	-	340,900
Redemption of bonds	-	(375,000)
Net cash generated from/(used in) financing activities	<u>1,642,419</u>	<u>(191,975)</u>
Net increase in cash and cash equivalents	463,027	15,876
Cash and cash equivalents		
- at the beginning of the financial year	13,398	(2,478)
- at the end of the financial year	<u>476,425</u>	<u>13,398</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	476,455	13,398
Overdrafts	(30)	-
	<u>476,425</u>	<u>13,398</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

**A1. Basis of Preparation**

The condensed financial statements are audited and has been prepared in compliance with the Financial Reporting Standards ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2006.

The accounting policies and presentation adopted by the Group and the Company for the condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2006 except for the adoption of FRS 117, 'Leases' which is effective for accounting periods beginning on or after 1 October 2006. The Group has adopted FRS 117 commencing from financial year beginning 1 January 2007. The adoption of FRS 117 has resulted in the restatement of the comparative figures as disclosed in A31.

**A2. Audit Report**

The audit report for the financial year ended 31 December 2006 was not subject to any qualification.

**A3. Seasonal or Cyclical Factors**

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

**A4. Exceptional or Unusual Items**

There were no exceptional or unusual items for the financial year ended 31 December 2007.

**A5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial year.

**A6. Changes in Debt and Equity Securities**

During the financial year ended 31 December 2007, the issued and paid-up capital of the Company was increased as follows:

	No. of shares of RM1.00 each
As at 1 January 2007	<u>1,823,474,695</u>
Issued pursuant to part settlement of acquisition of remaining equity interest in RHB Bank Berhad ('RHB Bank')	330,000,000
As at 31 December 2007	<u><u>2,153,474,695</u></u>

There were no repayment of debt, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31 December 2007.

**A7. Dividends Paid**

During the financial year ended 31 December 2007, the Company has paid the following dividends:

- a) A final dividend of 6.0% less 27% income tax amounting to RM79,868,000 in respect of the financial year ended 31 December 2006 was paid on 7 June 2007.
- b) An interim dividend of 5.0% less 27% income tax amounting to RM78,602,000 in respect of the financial year ended 31 December 2007 was paid on 28 September 2007.

**RHB CAPITAL BERHAD (312952 – H)**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	4th quarter ended		12 months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>A8. Interest Income</b>				
<b><u>Group</u></b>				
Loans, advances and financing				
- interest income other than recoveries from non-performing loans, advances and financing ('NPLs')	776,913	755,000	3,053,133	2,803,204
- recoveries from NPLs	47,059	49,261	194,819	214,691
Money at call, deposits and placements with financial institutions	173,408	123,232	692,206	458,604
Securities purchased under resale agreements	24,406	53,122	105,592	176,014
Securities held-for-trading	44,805	46,742	177,521	131,735
Securities AFS	80,426	42,249	368,874	92,323
Securities held-to-maturity	72,004	135,726	308,226	555,566
Others	11,504	24,655	63,271	86,860
	<b>1,230,525</b>	<b>1,229,987</b>	<b>4,963,642</b>	<b>4,518,997</b>
Amortisation of premium less accretion of discount	490	2,811	(2,109)	(7,283)
Interest suspended	(22,808)	(28,522)	(94,212)	(100,991)
	<b>1,208,207</b>	<b>1,204,276</b>	<b>4,867,321</b>	<b>4,410,723</b>
<b><u>Company</u></b>				
Money at call, deposits and placements with financial institutions	83	54	1,526	3,062
Others	-	22,361	45,402	82,293
	<b>83</b>	<b>22,415</b>	<b>46,928</b>	<b>85,355</b>
<b>A9. Interest Expense</b>				
<b><u>Group</u></b>				
Deposits and placements of banks and other financial institutions	52,349	116,085	383,907	373,699
Deposits from customers	515,760	353,866	1,796,900	1,263,710
Obligations on securities sold under repurchase agreements	-	116,962	211,843	427,170
Borrowings	25,065	22,773	92,455	98,114
Subordinated obligations	33,531	26,806	110,785	105,345
Recourse obligation on loans sold to Cagamas	23,411	35,268	111,900	150,589
Others	14,745	14,661	60,622	46,687
	<b>664,861</b>	<b>686,421</b>	<b>2,768,412</b>	<b>2,465,314</b>
<b><u>Company</u></b>				
Borrowings	25,065	22,771	92,455	98,053
Others	2,051	479	3,063	4,430
	<b>27,116</b>	<b>23,250</b>	<b>95,518</b>	<b>102,483</b>

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	4th quarter ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income</b>				
<b>Group</b>				
<b>Fee income</b>				
- Service charges and fees	40,626	40,752	160,136	147,079
- Brokerage	30,612	17,642	122,046	60,711
- Commission	23,938	27,262	119,459	109,295
- Guarantee fees	17,682	11,431	45,361	40,030
- Commitment fees	10,904	10,114	43,419	41,816
- Unit trust fee income	7,458	7,394	39,032	26,638
- Underwriting and arrangement fees	2,717	1,955	16,553	7,005
- Corporate advisory fees	3,712	3,081	15,186	8,927
- Fund management fees	2	1,985	10,607	6,751
- Other fee income	3,132	3,664	18,181	14,481
	<b>140,783</b>	<b>125,280</b>	<b>589,980</b>	<b>462,733</b>
<b>Net gain/(loss) arising from sale/ redemption of securities and derivatives</b>				
- Net gain from sale of				
- securities held-for-trading	3,567	41,518	82,719	59,141
- securities AFS	(1,365)	566	23,084	23,370
- Net gain from redemption of				
- securities held-to-maturity	2,840	785	2,943	2,188
- Derivatives	(2,290)	(108)	(1,000)	2
	<b>2,752</b>	<b>42,761</b>	<b>107,746</b>	<b>84,701</b>
<b>Unrealised (loss)/gain on revaluation of securities and derivatives</b>				
- Securities held-for-trading	(9,221)	12,698	(55,183)	27,127
- Derivatives	2,587	(3,266)	5,168	3,059
	<b>(6,634)</b>	<b>9,432</b>	<b>(50,015)</b>	<b>30,186</b>

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	4th quarter ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<b>A10. Other Operating Income (continued)</b>				
<b><u>Group (continued)</u></b>				
<b>Gross dividend income from</b>				
- Securities held-for-trading	213	313	2,396	4,242
- Securities AFS	1,540	1,448	6,259	3,947
- Securities held-to-maturity	-	60	-	864
	<u>1,753</u>	<u>1,821</u>	<u>8,655</u>	<u>9,053</u>
<b>Other income</b>				
- Foreign exchange gain/(loss)				
- realised	50,347	51,983	252,764	147,645
- unrealised	3,985	(418)	(35,520)	32,070
- Underwriting surplus before management expenses	9,634	8,201	30,922	38,588
- Rental income	891	849	3,484	3,195
- Net gain on disposal of property, plant and equipment	183	2,766	842	4,175
- Other operating income	12,844	9,098	41,540	40,662
- Other non-operating income	1,570	1,445	10,779	6,960
	<u>79,454</u>	<u>73,924</u>	<u>304,811</u>	<u>273,295</u>
	<u>218,108</u>	<u>253,218</u>	<u>961,177</u>	<u>859,968</u>
<b><u>Company</u></b>				
<b>Gross dividend income from</b>				
- Subsidiaries	1,012,561	20,217	1,343,131	461,798
<b>Other income</b>				
- Foreign exchange gain/(loss)				
- unrealised	333	107	452	(782)
- Net gain on disposal of property, plant and equipment	(1)	-	1	131
- Other operating income	272	275	1,088	1,090
- Other non-operating income	-	259	27,527	455
	<u>604</u>	<u>641</u>	<u>29,068</u>	<u>894</u>
	<u>1,013,165</u>	<u>20,858</u>	<u>1,372,199</u>	<u>462,692</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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	4th quarter ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses</b>				
<b>Group</b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	194,214	155,313	629,008	569,454
- Defined contribution plan	27,069	20,930	91,331	81,370
- Other staff related costs	48,808	9,501	98,362	74,026
	<u>270,091</u>	<u>185,744</u>	<u>818,701</u>	<u>724,850</u>
<b>Establishment costs</b>				
- Information technology expenses	24,357	24,583	93,283	94,147
- Depreciation	21,464	25,518	91,668	100,822
- Repair and maintenance	11,777	12,114	46,937	45,047
- Rental of premises	8,271	8,202	32,016	31,986
- Water and electricity	3,837	3,973	15,635	15,863
- Insurance	2,299	1,847	12,201	10,044
- Rental of equipment	3,007	2,832	11,435	10,338
- Amortisation of prepaid land lease	134	109	499	443
- Others	2,082	872	8,993	3,211
	<u>77,228</u>	<u>80,050</u>	<u>312,667</u>	<u>311,901</u>
<b>Marketing expenses</b>				
- Sales commission	9,333	10,031	44,960	28,647
- Advertisements and publicity	14,868	12,469	42,446	34,400
- Dealers' handling fee	4,105	5,714	18,648	35,407
- Others	28,664	14,661	79,373	60,998
	<u>56,970</u>	<u>42,875</u>	<u>185,427</u>	<u>159,452</u>
<b>Administration and general expenses</b>				
- Communication expenses	16,647	16,828	71,700	70,207
- Legal and professional fee	16,363	5,343	35,725	17,566
- Others	23,897	26,295	81,489	70,763
	<u>56,907</u>	<u>48,466</u>	<u>188,914</u>	<u>158,536</u>
	<u>461,196</u>	<u>357,135</u>	<u>1,505,709</u>	<u>1,354,739</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	4th quarter ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<b>A11. Other Operating Expenses (continued)</b>				
<b><u>Company</u></b>				
<b>Personnel costs</b>				
- Salaries, bonus, wages and allowances	1,804	2,250	8,033	9,117
- Defined contribution plan	216	270	919	1,110
- Other staff related costs	368	470	1,543	1,599
	<u>2,388</u>	<u>2,990</u>	<u>10,495</u>	<u>11,826</u>
<b>Establishment costs</b>				
- Rental of premises	354	339	1,413	1,398
- Depreciation	167	167	662	656
- Repair and maintenance	176	119	484	463
- Information technology expenses	37	26	104	118
- Water and electricity	10	10	43	48
- Rental of equipment	18	11	47	47
- Insurance	-	-	3	2
	<u>762</u>	<u>672</u>	<u>2,756</u>	<u>2,732</u>
<b>Marketing expenses</b>				
- Advertisements and publicity	577	1,347	1,936	2,069
- Others	1,400	302	1,877	1,013
	<u>1,977</u>	<u>1,649</u>	<u>3,813</u>	<u>3,082</u>
<b>Administration and general expenses</b>				
- Legal and professional fee	13,686	1,623	25,910	4,639
- Communication expenses	99	103	403	484
- Others	154	125	1,781	352
	<u>13,939</u>	<u>1,851</u>	<u>28,094</u>	<u>5,475</u>
	<u>19,066</u>	<u>7,162</u>	<u>45,158</u>	<u>23,115</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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	4th quarter ended		12 months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>A12. Allowance for Losses on Loans, Financing and Other Losses</b>				
<b><u>Group</u></b>				
Allowance for bad and doubtful debts				
- specific allowance made	<b>202,727</b>	301,728	<b>1,061,428</b>	968,885
- specific allowance written back	<b>(116,606)</b>	(60,763)	<b>(409,575)</b>	(237,455)
- specific allowance (net)	<b>86,121</b>	240,965	<b>651,853</b>	731,430
- general allowance (net)	<b>(13,277)</b>	(3,592)	<b>24,567</b>	56,653
Bad debts written off	-	-	<b>475</b>	5
Bad debts recovered	<b>(22,794)</b>	(14,872)	<b>(100,102)</b>	(76,863)
Write back on amount recoverable from Danaharta	-	-	<b>(3,167)</b>	(788)
Specific allowance for other losses	<b>(68)</b>	691	<b>489</b>	(1,071)
	<b>49,982</b>	223,192	<b>574,115</b>	709,366
<b>A13. INCPS Dividends</b>				
<b><u>Group</u></b>				
INCPS dividends paid and payable				
- 10% per annum (gross)	<b>26,988</b>	27,838	<b>109,597</b>	110,447



**RHB CAPITAL BERHAD (312952 – H)**  
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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A14. Securities Held-for-trading</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
<b>Quoted</b>		
Malaysian government investment issues	247,825	421,241
Khazanah bonds	202,813	389,473
Malaysian government securities	200,497	196,338
Singapore government stocks	103,306	192,069
Cagamas bonds	19,272	-
<b>Unquoted</b>		
Private debt securities	2,079,537	1,113,968
Negotiable instrument of deposits	1,278,675	955,019
Bankers' acceptances and Islamic accepted bills	800,263	757,128
Bank Negara Malaysia ('BNM') bills/notes	396,106	613,125
Fixed rate notes	221,421	229,710
Malaysian government treasury bills	19,657	28,965
	<b>5,569,372</b>	<b>4,897,036</b>
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Shares	56,553	42,817
Unit trust	2,335	6,720
<b>Outside Malaysia</b>		
Malaysian government investment issues	105,256	114,487
Bonds	20,048	98,682
Shares	7,581	900
	<b>5,761,145</b>	<b>5,160,642</b>

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	Group	
	As at 31 Dec 2007	As at 31 Dec 2006
	RM'000	RM'000
<b>A15. Securities Available-for-sale ('Securities AFS')</b>		
<b>At fair value</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
<b>Quoted</b>		
Cagamas bonds and Cagamas Mudharabah bonds	410,370	451,156
Malaysian government securities	195,929	50,190
Private debt securities	137,548	-
Singapore government securities	81,010	103,952
Malaysian government investment issues	18,257	5,058
Khazanah bonds	9,738	9,405
<b>Unquoted</b>		
Private debt securities	2,722,245	912,132
BNM notes	1,618,338	401,056
Negotiable instrument of deposits	1,262,834	3,220,039
Singapore government treasury bills	285,910	85,890
Malaysian government treasury bills	196,667	85,678
Structured notes	154,440	306,351
Bankers' acceptances and Islamic accepted bills	34,044	-
	<b>7,127,330</b>	<b>5,630,907</b>
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Corporate loan stocks	68,744	54,813
Malaysian government securities	24,043	22,100
Shares	9,957	23,856
Private debt securities	7,237	9,209
<b>Outside Malaysia</b>		
Floating rate notes	156	292
Shares	11	129
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Shares	167,979	167,979
Private debt securities	149,853	148,720
Corporate loan stocks	105,077	161,524
<b>Outside Malaysia</b>		
Private debt securities	11,556	49,476
Corporate loan stocks	2,315	-
Shares	-	345
	<b>7,674,258</b>	<b>6,269,350</b>

**RHB CAPITAL BERHAD (312952 – H)  
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	<b>Group</b>	
	<b>As at 31 Dec 2007</b>	<b>As at 31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A16. Securities Held-to-maturity</b>		
<b>At amortised cost</b>		
<b><u>MONEY MARKET INSTRUMENTS:</u></b>		
<b>Quoted</b>		
Malaysian government securities	1,364,197	2,124,505
Cagamas bonds and Cagamas Mudharabah bonds	819,407	911,120
Khazanah bonds	570,490	573,678
Malaysian government investment issues	82,774	80,964
<b>Unquoted</b>		
Prasarana bonds	1,978,309	1,979,791
Private debt securities	846,826	881,827
Negotiable instrument of deposits	774,095	5,286,823
Other government securities	247,568	234,310
Structured notes	100,000	353,052
Cagamas notes	-	98,157
Bankers' acceptances and Islamic accepted bills	-	99,065
	<b>6,783,666</b>	<b>12,623,292</b>
<b><u>QUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Floating rate notes	-	81,225
<b><u>UNQUOTED SECURITIES:</u></b>		
<b>In Malaysia</b>		
Private debt securities	347,166	389,458
Corporate loan stocks	87,316	205,231
Bonds	27,201	29,070
Shares	2,700	2,700
<b>Outside Malaysia</b>		
Floating rate notes	37,370	10,595
	<b>7,285,419</b>	<b>13,341,571</b>
Accumulated impairment loss	<b>(243,939)</b>	<b>(233,986)</b>
	<b>7,041,480</b>	<b>13,107,585</b>

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	Group	
	As at 31 Dec 2007	As at 31 Dec 2006
	RM'000	RM'000
<b>A17. Loans, Advances and Financing</b>		
Overdrafts	6,259,416	6,797,088
Term loans/financing		
- housing loans/financing	12,608,753	12,545,069
- syndicated term loans/financing	2,128,744	2,632,160
- hire-purchase receivables	9,856,706	9,654,495
- lease receivables	264,807	281,120
- other term loans/financing	12,689,939	11,557,423
Bills receivable	2,282,049	1,877,730
Trust receipts	465,381	537,794
Claims on customers under acceptance credits	5,044,613	4,824,605
Staff loans/financing	391,729	413,583
Credit/charge cards receivables	1,630,493	1,288,406
Revolving credits	4,645,240	5,278,336
	<u>58,267,870</u>	<u>57,687,809</u>
Unearned interest and income	<u>(1,453,768)</u>	<u>(1,563,301)</u>
Gross loans, advances and financing	<u>56,814,102</u>	<u>56,124,508</u>
Allowance for bad and doubtful debts and financing		
- general	(999,186)	(976,214)
- specific	(1,260,265)	(1,755,408)
Net loans, advances and financing	<u><u>54,554,651</u></u>	<u><u>53,392,886</u></u>

**(a) By type of customers**

Domestic non-bank financial institutions		
- stockbroking companies	231	1,856
- others	717,257	831,683
Domestic business enterprises		
- small medium enterprises	8,991,279	9,241,948
- others	21,605,192	21,692,647
Government and statutory bodies	224,665	248,651
Individuals	24,543,987	23,403,054
Other domestic entities	89,503	57,746
Foreign entities	641,988	646,923
	<u><u>56,814,102</u></u>	<u><u>56,124,508</u></u>

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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>

**A17. Loans, Advances and Financing (continued)**

**(b) By interest/profit rate sensitivity**

Fixed rate		
- housing loans/financing	<b>1,731,614</b>	1,593,036
- hire-purchase receivables	<b>8,430,436</b>	8,129,916
- other fixed rate loans/financing	<b>3,498,681</b>	3,509,878
Variable rate		
- base lending rate plus	<b>20,339,184</b>	20,237,465
- cost-plus	<b>17,337,990</b>	17,221,488
- other variable rates	<b>5,476,197</b>	5,432,725
	<b><u>56,814,102</u></b>	<b><u>56,124,508</u></b>

**(c) By purpose**

Purchase of securities	<b>2,268,943</b>	1,916,263
Purchase of transport vehicles	<b>6,567,105</b>	6,519,848
Purchase of landed property:		
- residential	<b>13,152,861</b>	12,864,401
- non-residential	<b>2,215,150</b>	1,595,519
Purchase of property, plant and equipment other than land and building	<b>2,773,449</b>	2,578,022
Personal use	<b>2,152,457</b>	1,950,596
Credit card	<b>1,630,493</b>	1,288,406
Purchase of consumer durables	<b>92,947</b>	114,206
Construction	<b>1,633,169</b>	2,239,055
Working capital	<b>21,904,612</b>	22,892,955
Other purpose	<b>2,422,916</b>	2,165,237
	<b><u>56,814,102</u></b>	<b><u>56,124,508</u></b>

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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A17. Loans, Advances and Financing (continued)</b>		
<b>(d) NPLs by purpose</b>		
Purchase of securities	<b>55,513</b>	70,256
Purchase of transport vehicles	<b>270,881</b>	391,342
Purchase of landed property:		
- residential	<b>1,057,187</b>	1,282,280
- non-residential	<b>153,936</b>	141,531
Purchase of property, plant and equipment other than land and building	<b>68,441</b>	102,341
Personal use	<b>125,543</b>	171,162
Credit card	<b>44,725</b>	45,484
Purchase of consumer durables	<b>6,605</b>	10,558
Construction	<b>126,788</b>	342,741
Working capital	<b>1,234,212</b>	1,635,535
Other purpose	<b>21,462</b>	83,807
	<b><u>3,165,293</u></b>	<u>4,277,037</u>

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	Group	
	As at 31 Dec 2007	As at 31 Dec 2006
	RM'000	RM'000

**A17. Loans, Advances and Financing (continued)**

**(e) Movements in NPLs are as follows:**

Balance as at the beginning of the financial year	4,277,037	4,339,130
Classified as non-performing	3,467,477	4,080,889
Amount recovered	(1,015,758)	(569,812)
Reclassified as performing	(2,430,980)	(2,712,691)
Amount written off	(1,115,789)	(789,256)
Loans/financing converted to securities	(15,586)	(66,371)
Exchange difference	(1,108)	(4,852)
Balance as at the end of the financial year	<u>3,165,293</u>	<u>4,277,037</u>
Specific allowance	<u>(1,260,265)</u>	<u>(1,755,408)</u>
Net NPLs	<u><u>1,905,028</u></u>	<u><u>2,521,629</u></u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u><u>3.43%</u></u>	<u><u>4.63%</u></u>

**(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:**

General allowance

Balance as at the beginning of the financial year	976,214	921,583
Net allowance made	24,567	56,653
Exchange difference	(1,595)	(2,022)
Balance as at the end of the financial year	<u>999,186</u>	<u>976,214</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.80%</u></u>	<u><u>1.79%</u></u>

Specific allowance

Balance as at the beginning of the financial year	1,755,408	1,821,128
Allowance made	1,061,428	968,885
Transferred to accumulated impairment loss in value of securities	(11,128)	(56,215)
Amount transferred from other debtors	-	788
Amount recovered	(409,575)	(237,455)
Amount written off	(1,135,450)	(738,069)
Exchange difference	(418)	(3,654)
Balance as at the end of the financial year	<u>1,260,265</u>	<u>1,755,408</u>

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	Group		Company	
	As at	As at	As at	As at
	<u>31 Dec 2007</u>	<u>31 Dec 2006</u>	<u>31 Dec 2007</u>	<u>31 Dec 2006</u>
	RM'000	RM'000	RM'000	RM'000
<b>A18. Other Assets</b>				
Other debtors, deposits and prepayments	462,091	348,684	32,851	32,843
Accrued interest receivable	187,176	216,614	52	14
	<u>649,267</u>	<u>565,298</u>	<u>32,903</u>	<u>32,857</u>

**A19. Amount Due from Holding Company**

As stated in A26(a), the Company ceased to become a subsidiary of Rashid Hussain Berhad ('RHB') on 3 July 2007. The amount due from RHB was fully settled on 10 July 2007.

	Group	
	As at	As at
	<u>31 Dec 2007</u>	<u>31 Dec 2006</u>
	RM'000	RM'000

**A20. Deposits from Customers**

**(a) By type of deposits**

Demand deposits	17,106,591	15,638,515
Savings deposits	5,153,557	4,861,397
Fixed deposits	52,971,787	34,273,158
Negotiable instrument of deposits	561,296	2,752,462
	<u>75,793,231</u>	<u>57,525,532</u>

**(b) By type of customers**

Government and statutory bodies	4,734,585	4,336,106
Business enterprises	45,436,540	28,619,833
Individuals	23,477,921	22,674,291
Others	2,144,185	1,895,302
	<u>75,793,231</u>	<u>57,525,532</u>

**A21. Deposits and Placements of Banks and Other Financial Institutions**

Licensed banks	3,757,638	8,643,917
Licensed investment banks	458,605	101,286
BNM	2,205,622	1,192,276
Other financial institutions	2,248,466	1,639,639
	<u>8,670,331</u>	<u>11,577,118</u>



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	Group		Company	
	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 RM'000	As at 31 Dec 2007 RM'000	As at 31 Dec 2006 RM'000
<b>A22. Other Liabilities</b>				
Accrued interest payable	469,417	472,818	30,416	35,464
Other creditors and accruals	434,736	501,517	6,605	4,326
Accruals for operational expenses	238,783	154,392	-	-
General insurance fund	157,972	136,821	-	-
Short term employee benefits	134,108	115,968	-	-
Lessee deposits	85,260	82,778	-	-
Prepaid instalment	71,352	61,889	-	-
Remisiers' trust deposits	12,761	11,181	-	-
Amount due to Danaharta	1,828	1,725	-	-
Hire-purchase creditors	706	1,062	706	1,062
Amount due to BNM	-	296,129	-	-
	<b>1,606,923</b>	<b>1,836,280</b>	<b>37,727</b>	<b>40,852</b>

**RHB CAPITAL BERHAD (312952 – H)**  
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**A23. Segment Information**

**Revenue and Results**

**31 Dec 2007**

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>										
External revenue	1,890,428	1,838,836	1,763,936	328,323	29,476	197,788	55,350	52,684	-	6,156,821
Intersegment revenue	3,784	4,229	32,309	294	3,686	672	13,448	26,215	(84,637)	-
Segment revenue	<u>1,894,212</u>	<u>1,843,065</u>	<u>1,796,245</u>	<u>328,617</u>	<u>33,162</u>	<u>198,460</u>	<u>68,798</u>	<u>78,899</u>	<u>(84,637)</u>	<u>6,156,821</u>
Profit before unallocated expenses	664,581	346,842	404,005	211,839	20,647	65,029	34,280	14,864		1,762,087
Unallocated expenses										(515,795)
Profit after unallocated expenses										1,246,292
Share of results of associates	-	-	-	-	-	245	-	(27)		218
Profit before INCPS dividends and taxation										1,246,510
INCPS dividends										(109,597)
Profit after INCPS dividends and before taxation										1,136,913
Taxation										(314,848)
Profit for the financial year										<u>822,065</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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**A23. Segment Information (continued)**

**Revenue and Results**

**31 Dec 2006**

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>										
External revenue	1,805,581	1,704,268	1,482,870	236,099	12,122	109,887	57,261	98,702	-	5,506,790
Intersegment revenue	12,359	3,932	40,712	-	-	448	14,235	31,641	(103,327)	-
Segment revenue	<u>1,817,940</u>	<u>1,708,200</u>	<u>1,523,582</u>	<u>236,099</u>	<u>12,122</u>	<u>110,335</u>	<u>71,496</u>	<u>130,343</u>	<u>(103,327)</u>	<u>5,506,790</u>
Profit before unallocated expenses	486,752	253,339	390,703	172,729	6,389	37,950	44,680	84,320		1,476,862
Unallocated expenses										<u>(536,091)</u>
Profit after unallocated expenses										940,771
Share of results of associates	-	-	-	-	-	340	-	(815)		<u>(475)</u>
Profit before INCPS dividends and taxation										940,296
INCPS dividends										<u>(110,447)</u>
Profit after INCPS dividends and before taxation										829,849
Taxation										<u>(233,952)</u>
Profit for the financial year										<u><u>595,897</u></u>

**RHB CAPITAL BERHAD (312952 – H)  
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**A24. Valuation of Property, Plant and Equipment**

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

**A25. Material Events Subsequent to the Balance Sheet Date**

There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements, except for the following:

- (a) **Proposed offer to purchase the remaining 1,104,469,561 INCPS of RM1.00 each in RHB Bank representing 80.73% of the issued and paid-up INCPS of RHB Bank not already held by the Company.**

Please refer to B8 (d) 'Status of Corporate Proposals' for further details.

- (b) **Redemption of RHB Bank's USD150.0 million 6.625% subordinated notes due 2013 callable with step-up in 2008.**

The Company announced on 25 January 2008 that RHB Bank has exercised its option to fully redeemed its existing USD150.0 million 6.625% subordinated notes due 2013 callable with step-up in 2008.

**RHB CAPITAL BERHAD (312952 – H)  
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**A26. Changes in Composition of the Group**

The significant changes in the composition of the Group for the financial year ended 31 December 2007 are summarised below:

**(a) Employees Provident Fund Board ('EPF') unconditional take-over offer for all the remaining ordinary shares of RM1.00 each in RHB Capital ('RHB Capital Shares') not held by EPF**

On 12 March 2007, the Company posted on Bursa Securities' website a press release issued by EPF in respect of the proposed acquisition of the Securities of RHB, the Company's holding company then, from Utama Banking Group Berhad [now known as UBG Berhad] ('UBG') for a total cash consideration of approximately RM2,253.0 million ('Proposed EPF Acquisition').

Upon the completion of the Proposed EPF Acquisition, EPF will hold approximately 62.42% of the issued and paid-up capital of RHB. Pursuant to Section 33B(2) of the Securities Commission Act, 1993 and Part II of the Malaysian Code on Take-Overs and Mergers 1998 ('Code'), EPF would be required to extend an unconditional take-over offer for all the remaining securities of RHB not already owned by EPF based on the same consideration payable to UBG pursuant to the SPA ('Proposed RHB Offer').

In furtherance thereto, by virtue of RHB Capital being a subsidiary of RHB and pursuant to Practice Note 2.2 of the Code, EPF will also then be obliged to extend an unconditional take-over offer for all the remaining RHB Capital Shares not already owned by EPF ('Proposed RHBC Offer'). The offer price will be RM4.80 per RHB Capital Shares.

Accordingly, on the date on which the SPA becomes unconditional, EPF served a Notice of Take-Over Offer on the Board of the Company.

RHB Investment Bank Berhad ('RHB Investment Bank') on behalf of the Board of the Company had, on 16 May 2007, announced that CIMB Investment Bank Berhad [formerly known as Commerce International Merchant Bankers Berhad] ('CIMB Investment Bank') and AmInvestment Bank Berhad [formerly known as AmMerchant Bank Berhad] ('AmInvestment Bank'), on behalf of EPF, had on 15 May 2007 served a notice on the Board of the Company in respect of the Proposed RHBC Offer ('Notice').

The Notice to the shareholders of the Company was posted on 16 May 2007 and an Offer Document dated 4 June 2007, detailing the terms and conditions of the EPF Offer on RHB Capital Shares was also issued to the shareholders of the Company. Further, as the Company is not the issuer of the Call Warrants 2003/2007 ('Call Warrants'), the Company had on 15 May 2007 notified the Board of RHB, being the issuer of the Call Warrants, of the EPF's offer to also acquire all the outstanding Call Warrants which are not held by EPF.

**RHB CAPITAL BERHAD (312952 – H)  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
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**A26. Changes in Composition of the Group (continued)**

**(a) Employees Provident Fund Board ('EPF') unconditional take-over offer for all the remaining ordinary shares of RM1.00 each in RHB Capital ('RHB Capital Shares') not held by EPF (continued)**

On 3 July 2007, pursuant to the Proposed RHBC Offer, RHB completed the transfer of its entire equity interest in the Company, comprising 842,586,861 RHB Capital Shares to EPF. Consequently, the Company ceased to become a subsidiary of RHB.

On 4 July 2007, the Company has been notified by EPF via a press notice that the closing date for the EPF unconditional take-over offer for RHB Capital Shares has been extended from 6 July 2007 to 18 July 2007. On 18 July 2007, the Company has also been notified by EPF via a press notice that the said offer has closed at 5.00 p.m. on the same date and EPF shareholding position in the Company on the even date stood at 1,770,741,163 RHB Capital Shares, representing 82.23% of the issued and paid-up of RHB Capital Shares.

**(b) Acquisition of the remaining equity interest in RHB Bank by the Company**

The Company had, on 19 April 2007 via RHB Investment Bank announced that BNM had by way of a letter dated 18 April 2007, stated that it had no objection in principle for the Company to commence discussions with Khazanah Nasional Berhad ('Khazanah') for the acquisition of the remaining equity interest in RHB Bank not already owned by the Company.

In furtherance thereto, RHB Investment Bank, on behalf of the Board, had on 17 May 2007, announced that Khazanah had on even date accepted the offer made by the Company to acquire the remaining 1,169,991,586 ordinary shares of RM0.50 each in RHB Bank held by Khazanah ('Sale Shares'), representing 30% of the total issued and paid-up share capital of RHB Bank ('Acquisition of 30% in RHB Bank').

Approvals for the Acquisition of 30% in RHB Bank have been obtained from the Securities Commission ('SC'), Ministry of Finance ('MOF') through BNM, the Labuan Offshore Financial Services Authority and the shareholders of the Company at the Extraordinary General Meeting convened on 18 June 2007.

The Company entered into a Share Sale Agreement with Khazanah on 2 July 2007 to give effect to the Acquisition of 30% in RHB Bank for a total purchase consideration of RM3,200.00 million, which had eventually be satisfied in the following manner:

- (i) issuance of 330.0 million shares of the Company which were granted listing and quotation with effect from 5 July 2007, at an issue price of RM4.75 per share, amounting to RM1,567.50 million; and
- (ii) cash settlement of RM1,632.50 million.

Acquisition of 30% in RHB Bank was completed on 12 July 2007 and accordingly, RHB Bank become a wholly-owned subsidiary of the Company.

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**A26. Changes in Composition of the Group (continued)**

**(c) Dissolution of RHB Management Services (Jersey) Limited ('RHBMSJ')**

The Company announced on 12 February 2007 that RHBMSJ, a wholly-owned subsidiary of RHB Investment Bank, which in turn is a wholly-owned subsidiary of the Company, has been dissolved on 23 January 2007 upon registration of the relevant documents with the Jersey Financial Services Commission on the same date.

The principal activity of RHBMSJ, a company incorporated in Jersey, Channel Islands was that of providing management services.

The dissolution of RHBMSJ will not have any material effect on the Group's performance.

**(d) Disposal of the entire shareholdings in RHB International Trust (L) Ltd ('RHBITLL') by the Company to RHB Bank (L) Ltd**

The Company announced on 16 May 2007 that it had, on 15 May 2007, disposed its entire shareholdings of 20,000 ordinary shares of USD4.00 each (of which USD2.00 is partially paid-up) ('Sale of Shares') in RHBITLL to RHB Bank (L) Ltd for a total cash consideration of RM152,000.

RHB Bank (L) Ltd is a direct wholly-owned subsidiary of RHB Bank, which in turn is a 70% subsidiary of the Company on even date. With the said Sale of Shares, RHBITLL ceased to be a direct wholly-owned subsidiary of the Company.

The Sale of Shares does not have any material effect on the earnings and net tangible assets of the Group for the financial year ended 31 December 2007.

**(e) Dissolution of Straits Nominees (Asing) Sdn Bhd ('SNA') and Straits Nominees (Tempatan) Sdn Bhd ('SNT')**

The Company announced on 17 October 2007 that SNA and SNT have been dissolved on 13 October 2007 on the expiration of the three months after the lodging of the Return by Liquidator Relating To Final Meeting to the Companies Commission of Malaysia and the Official Receiver pursuant to Section 272(5) of the Companies Act, 1965.

SNA and SNT are wholly-owned subsidiaries of RHB Investment Bank, which in turn is a wholly owned subsidiary of the Company. With effect from 13 October 2007, SNA and SNT have ceased to be wholly-owned subsidiaries of the Company.

The dissolution of SNA and SNT does not have any material effect on the earnings and net tangible assets of the Company for the financial year ended 31 December 2007.

**(f) Dissolution of RHB Asia Pte Ltd ('RHBA')**

The Company announced on 30 November 2007 that RHBA, a wholly-owned subsidiary of the Company, incorporated and domiciled in Singapore, has been dissolved and ceased to be a wholly-owned subsidiary of the Company with effect from the same date.

The dissolution of RHBA does not have any material effect on the Group's performance for the financial year ended 31 December 2007.

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**A26. Changes in Composition of the Group (continued)**

**(g) Members' voluntary winding up of the Company's wholly-owned subsidiaries**

The Company announced on 26 November 2007 that the following wholly-owned subsidiaries have commenced members' voluntary winding-up proceedings on the same date pursuant to Section 254(1) of the Companies Act, 1965:

- (i) Kwong Yik Nominees (Tempatan) Sdn Bhd ('KYNT');
- (ii) Kwong Yik Nominees (Asing) Sdn Bhd ('KYNA');
- (iii) KYB Trust Management Sdn Bhd ('KYBTM');
- (iv) RHB Bena Sdn Bhd ('RHB Bena'); and
- (v) RHB Dynamic Technologies Sdn Bhd ('RHBDT').

KYNT, KYNA, KYBTM, RHB Bena and RHBDT are companies incorporated in Malaysia and are presently dormant.

The winding-up of KYNT, KYNA, KYBTM, RHB Bena and RHBDT does not have any material effect on the Group's performance for the financial year ended 31 December 2007.



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**A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date**

**(a) Commitments and Contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	← Group →					
	As at 31 Dec 2007			As at 31 Dec 2006		
	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million
Direct credit substitutes	1,934	1,934	1,736	1,648	1,648	1,480
Transaction-related contingent items	2,149	938	631	2,320	810	518
Short term self-liquidating trade-related contingencies	2,591	518	345	2,555	511	329
Obligations under underwriting agreements	578	214	214	440	132	132
Other assets sold with recourse and commitments with certain drawdown	3	-	-	-	-	-
Housing loans sold directly and indirectly to Cagamas with recourse	-	-	-	41	41	20
Irrevocable commitments to extend credit						
- maturity not exceeding one year	25,147	-	-	22,103	-	-
- maturity exceeding one year	3,999	1,999	1,808	3,658	1,829	1,602
Foreign exchange related contracts						
- less than one year	9,268	164	46	14,064	241	67
- one year to less than five years	9	1	-	387	61	30
- more than five years	926	162	67	-	-	-
Interest rate related contracts						
- less than one year	2,868	5	1	2,231	2	1
- one year to less than five years	5,657	125	30	6,124	92	21
- more than five years	347	27	6	523	34	17
Others	1,133	-	-	846	20	4
	<b>56,609</b>	<b>6,087</b>	<b>4,884</b>	<b>56,940</b>	<b>5,421</b>	<b>4,221</b>

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

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**A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)**

**(b) Guarantees Issued**

As at balance sheet date, the Company has extended unsecured guarantees totalling RM24,500,000 (31 December 2006: RM44,500,000) and RM100,000,000 (31 December 2006: RM100,000,000) for borrowings and performance of its subsidiaries respectively. As at balance sheet date, RM1,000,000 (31 December 2006: RM1,000,000) of the borrowings were utilised by the subsidiaries of the Company.

**(c) Other Contingent Liabilities**

**(i) The Company**

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon and costs (Please refer to B11(a) 'Material Litigation' for further details).

The suit is still ongoing and the solicitors for the Company are of the opinion that the chances of successfully recovering the Deposit are good. In addition, the solicitors for the Company are also of the opinion that the prospects of successfully defending the counterclaim filed by CBSB against the Company are good and that the said counterclaim is unlikely to succeed.

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the condensed financial statements for the financial year ended 31 December 2007.

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

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

This suit was initially filed against RHB Securities Sdn Bhd ('RHB Securities'). With effect from 30 December 2006, the assets and liabilities of RHB Securities including this suit have been vested into RHB Investment Bank pursuant to a vesting order of the High Court. Subsequently, RHB Securities was renamed as RHB Excel Sdn Bhd ('RHB Excel') on 9 January 2007.

The following is a summary of the litigation from commencement of the suit:

RHB Excel, a wholly-owned subsidiary of RHB Investment Bank and RHB Equities, a wholly-owned subsidiary of the Company, are parties, as the first and second defendants, to a suit for damages and for the return of shares pledged by the Plaintiff as third party collateral for margin finance facilities initially provided by RHB Equities, which were subsequently transferred to RHB Excel together with the third party collateral. The Plaintiff claimed that the transfer was made without the Plaintiff's consent and has obtained an interim injunction to restrain disposal of the collateral. RHB Excel and RHB Equities have filed a defence and counterclaim against the said suit.

Plaintiff's suit against RHB Excel and RHB Equities was dismissed with costs on 19 May 2005. Plaintiff filed Notice of Appeal against the dismissal on 30 May 2005. With the dismissal, the injunction previously obtained against RHB Excel to deal with the collateral lapses. On 14 June 2005, the Plaintiff filed an application for a stay of execution.

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**A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)**

(c) **Other Contingent Liabilities (continued)**

(ii) **RHB Investment Bank and RHB Equities Sdn Bhd ('RHB Equities') (continued)**

RHB Excel won in its counterclaim against the Plaintiff with costs on 24 June 2005. On 4 August 2005, the Plaintiff's stay application was allowed with costs. As such, RHB Excel is prohibited from disposing the shares until the hearing and disposal of the Appeal to the Court of Appeal.

	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>

**A28. Capital Commitments**

Capital expenditure for property, plant and equipment:

- authorised and contracted for	<b>27,961</b>	26,291
- authorised but not contracted for	<b>77,565</b>	37,371
	<b><u>105,526</u></b>	<u>63,662</u>

**RHB CAPITAL BERHAD (312952 – H)**  
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**A29. Interest/Profit Rate Risk**

Group As at 31 Dec 2007	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	%
<b>Assets</b>									
Cash and short term funds	17,906,099	-	-	-	-	1,142,049	-	19,048,148	3.55
Securities purchased under resale agreements	540,418	27,418	-	-	-	-	-	567,836	3.23
Deposits and placements with banks and other financial institutions	27,231	3,103,390	235,119	-	-	-	-	3,365,740	4.01
Securities									
- held-for-trading	-	-	-	-	-	21,468	5,739,677	5,761,145	4.33
- AFS	1,190,504	1,150,537	1,585,786	2,061,826	1,497,305	188,300	-	7,674,258	4.32
- held-to-maturity	156,192	219,545	867,021	4,487,561	1,552,378	(241,217)	-	7,041,480	4.21
Loans, advances and financing									
- performing	32,283,993	6,656,849	4,978,156	7,123,367	2,606,338	106	-	53,648,809	6.87
- non-performing*	-	-	-	-	-	905,842	-	905,842	
Clients' and brokers' balances	28,700	-	-	-	-	218,170	-	246,870	2.46
Other assets	1,833	-	87	700	958	645,689	-	649,267	3.17
Derivative assets	-	-	-	-	-	-	109,157	109,157	
Statutory deposits	-	-	-	-	-	1,673,865	-	1,673,865	
Tax recoverable	-	-	-	-	-	52,887	-	52,887	
Deferred tax assets	-	-	-	-	-	249,119	-	249,119	
Investments in associates	-	-	-	-	-	15,533	-	15,533	
Prepaid land lease	-	-	-	-	-	99,594	-	99,594	
Property, plant and equipment	-	-	-	-	-	760,791	-	760,791	
Goodwill	-	-	-	-	-	3,283,953	-	3,283,953	
<b>Total assets</b>	<b>52,134,970</b>	<b>11,157,739</b>	<b>7,666,169</b>	<b>13,673,454</b>	<b>5,656,979</b>	<b>9,016,149</b>	<b>5,848,834</b>	<b>105,154,294</b>	

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

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**A29. Interest/Profit Rate Risk (continued)**

Group As at 31 Dec 2007	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	%
<b>Liabilities and equity</b>									
Deposits from customers	38,183,106	8,953,994	11,984,964	607,575	-	16,063,592	-	75,793,231	3.56
Deposits and placements of banks and other financial institutions	5,696,245	1,636,468	557,800	716,003	62,587	1,228	-	8,670,331	4.08
Bills and acceptances payable	1,480,031	1,544,020	722,161	2,523	-	211,208	-	3,959,943	3.74
Clients' and brokers' balances	-	-	-	-	-	368,436	-	368,436	
Other liabilities	31	61	284	330	-	1,606,217	-	1,606,923	5.42
Derivative liabilities	-	-	-	-	-	-	129,242	129,242	
Recourse obligation on loans sold to Cagamas	-	90,974	429,085	1,334,814	-	-	-	1,854,873	4.65
Taxation	-	-	-	-	-	101,626	-	101,626	
Deferred tax liabilities	-	-	-	-	-	593	-	593	
Borrowings	986,730	-	-	938,947	-	-	-	1,925,677	6.33
Subordinated obligations	495,000	-	-	-	2,170,000	-	-	2,665,000	5.44
									<b>Effective dividend rate</b>
									%
INCPS	-	-	-	1,004,431	-	-	-	1,004,431	10.00
<b>Total liabilities</b>	<b>46,841,143</b>	<b>12,225,517</b>	<b>13,694,294</b>	<b>4,604,623</b>	<b>2,232,587</b>	<b>18,352,900</b>	<b>129,242</b>	<b>98,080,306</b>	
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,073,988</b>	<b>-</b>	<b>7,073,988</b>	
<b>Total liabilities and equity</b>	<b>46,841,143</b>	<b>12,225,517</b>	<b>13,694,294</b>	<b>4,604,623</b>	<b>2,232,587</b>	<b>25,426,888</b>	<b>129,242</b>	<b>105,154,294</b>	
<b>Total interest-sensitivity gap</b>	<b>5,293,827</b>	<b>(1,067,778)</b>	<b>(6,028,125)</b>	<b>9,068,831</b>	<b>3,424,392</b>				

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**A29. Interest/Profit Rate Risk (continued)**

Company As at 31 Dec 2007	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	%
<b>Assets</b>									
Cash and short term funds	475,920	-	-	-	-	535	-	476,455	3.15
Deposits and placements with banks and other financial institutions	-	726	485	-	-	-	-	1,211	3.44
Other assets	-	-	-	-	-	32,903	-	32,903	
Amounts due from subsidiaries/ related companies	-	-	-	-	-	9,677	-	9,677	
Tax recoverable	-	-	-	-	-	28,297	-	28,297	
Investments in subsidiaries	-	-	-	-	-	7,350,910	-	7,350,910	
Property, plant and equipment	-	-	-	-	-	673	-	673	
<b>Total assets</b>	<b>475,920</b>	<b>726</b>	<b>485</b>	<b>-</b>	<b>-</b>	<b>7,422,995</b>	<b>-</b>	<b>7,900,126</b>	
<b>Liabilities and equity</b>									
Other liabilities	31	62	283	330	-	37,021	-	37,727	5.40
Amounts due to subsidiaries/ related companies	-	-	-	-	-	155,329	-	155,329	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	656,030	-	-	938,947	-	-	-	1,594,977	6.41
<b>Total liabilities</b>	<b>656,061</b>	<b>62</b>	<b>283</b>	<b>939,277</b>	<b>-</b>	<b>192,366</b>	<b>-</b>	<b>1,788,049</b>	
Total equity	-	-	-	-	-	6,112,077	-	6,112,077	
<b>Total liabilities and equity</b>	<b>656,061</b>	<b>62</b>	<b>283</b>	<b>939,277</b>	<b>-</b>	<b>6,304,443</b>	<b>-</b>	<b>7,900,126</b>	
<b>Total interest-sensitivity gap</b>	<b>(180,141)</b>	<b>664</b>	<b>202</b>	<b>(939,277)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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**A29. Interest/Profit Rate Risk (continued)**

Group As at 31 Dec 2006	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	%
<b>Assets</b>									
Cash and short term funds	10,282,356	-	-	-	-	389,197	-	10,671,553	3.56
Securities purchased under resale agreements	1,034,585	1,656,956	-	-	-	-	-	2,691,541	3.81
Deposits and placements with banks and other financial institutions	45,869	4,904,294	640,257	-	-	-	-	5,590,420	3.63
Securities									
- held-for-trading	-	-	-	-	-	900	5,159,742	5,160,642	4.02
- AFS	2,572,387	1,379,380	766,748	905,409	452,459	192,967	-	6,269,350	4.02
- held-to-maturity	2,537,605	2,625,594	1,646,359	4,965,970	1,563,320	(231,263)	-	13,107,585	3.80
Loans, advances and financing									
- performing	30,268,891	6,494,649	4,934,467	7,622,456	2,526,870	138	-	51,847,471	6.84
- non-performing*	-	-	-	-	-	1,545,415	-	1,545,415	
Clients' and brokers' balances	36,824	-	-	-	-	140,203	-	177,027	0.66
Other assets	1,798	-	245	753	1,139	561,363	-	565,298	5.82
Derivative assets	-	-	-	-	-	-	168,819	168,819	
Amount due from RHB	1,236,030	-	-	-	-	-	-	1,236,030	6.91
Statutory deposits	-	-	-	-	-	1,905,043	-	1,905,043	
Tax recoverable	-	-	-	-	-	53,032	-	53,032	
Deferred tax assets	-	-	-	-	-	254,767	-	254,767	
Investments in associates	-	-	-	-	-	15,289	-	15,289	
Prepaid land lease	-	-	-	-	-	100,245	-	100,245	
Property, plant and equipment	-	-	-	-	-	782,935	-	782,935	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
<b>Total assets</b>	<b>48,016,345</b>	<b>17,060,873</b>	<b>7,988,076</b>	<b>13,494,588</b>	<b>4,543,788</b>	<b>6,877,744</b>	<b>5,328,561</b>	<b>103,309,975</b>	

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

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**A29. Interest/Profit Rate Risk (continued)**

Group As at 31 Dec 2006	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	%
<b>Liabilities and equity</b>									
Deposits from customers	22,611,554	7,156,792	12,883,730	614,609	200	14,258,647	-	57,525,532	3.17
Deposits and placements of banks and other financial institutions	5,999,638	3,427,159	1,110,117	949,725	89,050	1,429	-	11,577,118	3.67
Obligations on securities sold under repurchase agreements	12,720,136	2,275,063	-	-	-	-	-	14,995,199	3.38
Bills and acceptances payable	1,272,468	1,493,303	605,157	-	-	407,830	-	3,778,758	3.88
Clients' and brokers' balances	56,973	-	-	-	-	194,399	-	251,372	2.84
Other liabilities	296,649	9,225	269	706	-	1,529,431	-	1,836,280	3.63
Derivative liabilities	-	-	-	-	-	-	158,231	158,231	
Recourse obligation on loans sold to Cagamas	122,267	-	658,771	1,882,468	215,778	-	-	2,879,284	4.52
Taxation	-	-	-	-	-	90,518	-	90,518	
Deferred tax liabilities	-	-	-	-	-	16,522	-	16,522	
Borrowings	615,600	-	-	594,904	341,308	-	-	1,551,812	6.55
Subordinated obligations	-	-	-	1,493,158	-	-	-	1,493,158	6.91
									<b>Effective dividend rate</b>
									<b>%</b>
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
<b>Total liabilities</b>	<b>43,695,285</b>	<b>14,361,542</b>	<b>15,258,044</b>	<b>6,640,039</b>	<b>646,336</b>	<b>16,498,776</b>	<b>158,231</b>	<b>97,258,253</b>	
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,051,722</b>	<b>-</b>	<b>6,051,722</b>	
<b>Total liabilities and equity</b>	<b>43,695,285</b>	<b>14,361,542</b>	<b>15,258,044</b>	<b>6,640,039</b>	<b>646,336</b>	<b>22,550,498</b>	<b>158,231</b>	<b>103,309,975</b>	
<b>Total interest-sensitivity gap</b>	<b>4,321,060</b>	<b>2,699,331</b>	<b>(7,269,968)</b>	<b>6,854,549</b>	<b>3,897,452</b>				



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**A29. Interest/Profit Rate Risk (continued)**

Company As at 31 Dec 2006	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	%
<b>Assets</b>									
Cash and short term funds	12,800	-	-	-	-	598	-	13,398	3.00
Deposits and placements with banks and other financial institutions	-	704	467	-	-	-	-	1,171	3.46
Other assets	-	-	-	-	-	32,857	-	32,857	
Amount due from RHB	1,236,030	-	-	-	-	-	-	1,236,030	6.91
Amounts due from subsidiaries/ related companies	-	-	-	-	-	126,200	-	126,200	
Tax recoverable	-	-	-	-	-	19,172	-	19,172	
Investments in subsidiaries	-	-	-	-	-	6,911,026	-	6,911,026	
Property, plant and equipment	-	-	-	-	-	1,295	-	1,295	
<b>Total assets</b>	<b>1,248,830</b>	<b>704</b>	<b>467</b>	<b>-</b>	<b>-</b>	<b>7,091,148</b>	<b>-</b>	<b>8,341,149</b>	
<b>Liabilities and equity</b>									
Other liabilities	29	58	269	706	-	39,790	-	40,852	5.40
Amounts due to subsidiaries/ related companies	11,180	-	-	-	-	3,251,408	-	3,262,588	5.92
Deferred tax liabilities	-	-	-	-	-	45	-	45	
Borrowings	333,200	-	-	594,904	341,308	-	-	1,269,412	6.71
<b>Total liabilities</b>	<b>344,409</b>	<b>58</b>	<b>269</b>	<b>595,610</b>	<b>341,308</b>	<b>3,291,243</b>	<b>-</b>	<b>4,572,897</b>	
Total equity	-	-	-	-	-	3,768,252	-	3,768,252	
<b>Total liabilities and equity</b>	<b>344,409</b>	<b>58</b>	<b>269</b>	<b>595,610</b>	<b>341,308</b>	<b>7,059,495</b>	<b>-</b>	<b>8,341,149</b>	
<b>Total interest-sensitivity gap</b>	<b>904,421</b>	<b>646</b>	<b>198</b>	<b>(595,610)</b>	<b>(341,308)</b>				

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	<b>Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A30. Capital Adequacy Ratio</b>		
<b>Tier I capital</b>		
Paid-up ordinary share capital	2,153,475	1,823,475
Paid-up INCPS	1,004,431	1,104,469
Share premium	2,352,093	1,114,593
Other reserves (exclude AFS reserves)	2,518,535	1,960,381
Deferred tax assets	(249,119)	(254,767)
Deferred tax liabilities	593	16,522
Minority interests	25,628	1,123,683
Less: Goodwill	(3,283,953)	(1,167,513)
<b>Total Tier I capital</b>	<b>4,521,683</b>	<b>5,720,843</b>
<b>Tier II capital</b>		
Subordinated obligations	2,665,000	1,493,158
General allowance for bad and doubtful debts	999,186	976,214
<b>Total Tier II capital before restriction</b>	<b>3,664,186</b>	<b>2,469,372</b>
Maximum allowable subordinated obligations <sup>#</sup>	2,260,842	1,493,158
General allowance for bad and doubtful debts and financing	999,186	976,214
<b>Maximum allowable Total Tier II capital</b>	<b>3,260,028</b>	<b>2,469,372</b>
<b>Total capital</b>	<b>7,781,711</b>	<b>8,190,215</b>
<b>Less:</b>		
Holdings of other financial institutions capital	(38,625)	(39,998)
<b>Total capital base</b>	<b>7,743,086</b>	<b>8,150,217</b>
<u>Before deducting proposed dividends</u>		
Core capital ratio	7.12%	9.17%
Risk-weighted capital adequacy ratio	12.19%	13.06%
<u>After deducting proposed dividends</u>		
Core capital ratio	6.90%	9.04%
Risk-weighted capital adequacy ratio	11.87%	12.93%

# Pursuant to BNM's guidelines on capital base for capital adequacy ratios, the maximum allowed for subordinated obligations is not more than 50% of Tier I Capital.

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**A31. Restatement of Comparative Financial Statements**

**FRS 117: Leases**

The adoption of FRS 117 has resulted in a change in accounting policy relating to classification of leasehold land. The up-front payment made for leasehold land represents prepaid land lease and is amortised on a straight-line basis over the remaining lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and is stated at cost less accumulated depreciation and impairment loss.

Upon the adoption of FRS 117, the unamortised carrying amount of leasehold land is classified as prepaid land lease in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease has been accounted for retrospectively and the following comparative figures as at 31 December 2006 have been restated:

	<b>Group</b>	
	<b>As previously reported</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>
Prepaid land lease	-	100,245
Property, plant and equipment	883,180	782,935

The adoption of this FRS has no impact to the Group's financial results.

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**B1. Review of Group Results**

For the financial year ended 31 December 2007, the Group recorded a profit after INCPS dividends and before taxation of RM1,136.9 million, 37% higher than that of the previous financial year of RM829.8 million. The higher profit was mainly due to higher net interest income by RM153.5 million, higher other operating income by RM101.2 million, lower allowance for losses on loans, financing and other losses by RM135.3 million and higher income from Islamic Banking business by RM92.2 million; partly offset by higher other operating expenses by RM151.0 million and impairment loss by RM25.7 million.

**B2. Changes in Profit for the Quarter**

For the fourth quarter ended 31 December 2007, the Group recorded a profit after INCPS dividends and before taxation of RM266.2 million as compared to the profit of RM309.8 million recorded in the preceding quarter ended 30 September 2007. The lower profit was mainly due to higher other operating expenses by RM100.5 million, higher impairment loss by RM52.3 million, lower other operating income by RM18.9 million, offset by lower allowance for losses on loans, financing and other losses by RM69.3 million, higher income from Islamic Banking business by RM35.5 million and higher net interest income by RM22.3 million.

**B3. Prospects for the Financial Year Ending 31 December 2008**

Malaysia's real GDP growth is projected to moderate marginally to 5.6% in 2008 from 6.3% in 2007.

In line with softer economic activities, the banking system's loan growth is expected to be lower in 2008 compared to 2007. Meanwhile, asset quality continues to improve due to better credit risk management and concerted efforts to recover non-performing loans (NPLs). The improving trend in NPL ratios will likely continue into 2008 with the implementation of the Basel II Capital Accord.

At the RHB Banking Group, the benefits of the Group-wide transformation exercise are expected to be realised as product quality and customer service improves. The Group is also expected to benefit financially from the corporate and debt restructuring exercise that had been implemented in the later part of 2007 and early 2008.

These developments are expected to put the Banking Group in a stronger position and to further improve on its financial performance in 2008.

**B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee**

There were no profit forecast or profit guarantee issued by the Group and the Company.

	4th quarter ended		12 months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	77,772	69,938	350,864	276,499
- overseas tax	3,109	457	5,900	1,451
Deferred tax	13,210	9,684	(8,838)	(4,816)
Tax on INCPS dividends	(7,519)	(7,795)	(29,613)	(30,925)
	<b>86,572</b>	72,284	<b>318,313</b>	242,209
Under/(Over) provision in respect of prior years	5,176	(7,203)	(3,465)	(8,257)
	<b>91,748</b>	65,081	<b>314,848</b>	233,952

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**B5. Taxation (continued)**

The effective tax rate of the Group for the fourth quarter ended 31 December 2007 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

The effective tax rate of the Group for the financial year ended 31 December 2007 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

	4th quarter ended		12 months ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>Company</b>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	264,162	4,210	343,685	118,226
- overseas tax	-	-	-	1,243
Deferred tax	(29)	45	(29)	45
	<b>264,133</b>	<b>4,255</b>	<b>343,656</b>	<b>119,514</b>
Over provision in respect of prior years	-	(3,052)	-	(3,052)
	<b>264,133</b>	<b>1,203</b>	<b>343,656</b>	<b>116,462</b>

The effective tax rate of the Company for the fourth quarter and for the financial year ended 31 December 2007 was in line with the statutory tax rate.

**B6. Purchase and Sale of Quoted Securities**

Other than in the ordinary course of business, there were no purchases or sales of quoted securities during the financial year ended 31 December 2007.

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

Other than in the ordinary course of business, there were no sales of unquoted investments and/or properties during the financial year ended 31 December 2007.

**B8. Status of Corporate Proposals**

**(a) Acquisition of the remaining equity interest in RHB Insurance Berhad ('RHB Insurance') by the Company**

The Company had, on 19 April 2007 via RHB Investment Bank announced among others that BNM had by way of a letter dated 18 April 2007, indicated that it had no objection in principle for the Company to commence discussions with Nissay Dowa General Insurance Co. Ltd. ('NDGI') and Kumpulan Syed Kechik Sdn Bhd ('KSK') for the acquisition of shares in RHB Insurance not already owned by the Company.

The Company had, on 1 November 2007 via RHB Investment Bank announced that the Company has decided not to proceed with further negotiations with NDGI and KSK on the above acquisition at this juncture.

**(b) Commencement of negotiations with Kuwait Finance House (Malaysia) Berhad ('KFH') for the disposal of a combination of RHB Bank's branches, assets and liabilities**

On 16 August 2007, the Company announced that RHB Bank, a wholly-owned subsidiary of the Company, has obtained the approval in principle from BNM to commence negotiations with KFH for the disposal of a combination of RHB Bank's branches, assets and liabilities to KFH.

The Company had, on 1 November 2007 announced that the Company is not pursuing the above negotiations at the present time.

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**B8. Status of Corporate Proposals (continued)**

**(c) Proposed issuance of up to RM3.0 billion nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme ('MTN Programme') by RHB Bank**

The Company announced on 17 August 2007 that the SC had on 13 August 2007 approved the MTN Programme by RHB Bank, a wholly-owned subsidiary of the Company.

The proceeds raised from the MTN Programme shall be utilised for the following:

- (i) repayment of RHB Bank's existing RM800 million nominal value redeemable unsecured subordinated bonds 2002/2012; and
- (ii) the balance for general working capital purposes of RHB Bank and its subsidiaries.

The maturity period of the Subordinated Notes and/or Senior Notes, which is at the option of RHB Bank, are as follows:

- (i) Subordinated Notes - ranging from 10 to 20 years and are callable after a minimum period of 5 years from the date of issue; and
- (ii) Senior Notes - ranging from 1 to 20 years

The Subordinated Notes will constitute direct unsecured obligations of RHB Bank, subordinated in right and priority of payment to all deposit liabilities and other liabilities of RHB Bank to the extent and in the manner provided for in the Subordinated Notes. The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of RHB Bank and will rank pari passu with all other unsecured obligations of RHB Bank, present and future, from time to time outstanding.

On 30 November 2007, RHB Bank had issued two redeemable unsecured subordinated notes amounting to RM2,000.0 million in nominal value ('RM Sub-Notes'). The first is a RM1,300 million nominal value 10 year Subordinated Notes due 2017, at 5.0% with callable step-up rate in 2012 maturing 30 November 2017. The second is a RM700 million nominal value 15 year Subordinated Notes due 2022, at 5.5% with callable step-up rate in 2017 maturing November 2022. The RM Sub-Notes may be redeemed at par at the option of RHB Bank either in part or in whole on the relevant callable dates ('Call Date') and at any anniversary dates of the Call Date up to maturity date.

On 24 December 2007, RHB Bank had fully redeemed its existing RM800.0 million nominal value redeemable unsecured subordinated bonds 2002/2012.

The MTN Programme will not have any effect on the share capital, the shareholdings of the substantial shareholders and net assets per share of the Company and does not have any material effect on the earnings per share of the Company for the current financial year ended 31 December 2007.

**(d) Proposed offer to purchase the remaining 1,104,469,561 INCPS of RM1.00 each in RHB Bank representing 80.73% of the issued and paid-up INCPS of RHB Bank not already held by the Company ('Proposed Purchase of INCPS')**

The Company had, on 28 September 2007 via RHB Investment Bank announced the Proposed Purchase of INCPS for a total consideration of RM1,656,704,342, representing an offer price of RM1.50 per INCPS, to be satisfied in cash.

The shareholders of the Company had at the EGM of the Company held on 20 November 2007 approved the Proposed Purchase of INCPS.

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**B8. Status of Corporate Proposals (continued)**

- (d) **Proposed offer to purchase the remaining 1,104,469,561 INCPS of RM1.00 each in RHB Bank representing 80.73% of the issued and paid-up INCPS of RHB Bank not already held by the Company ('Proposed Purchase of INCPS') (continued)**

On 7 December 2007, the Company announced that the approval from BNM for the Proposed Purchase of INCPS has been obtained via a letter dated 6 December 2007.

Subsequent to BNM's approval, the Company had on 10 December 2007 issued the offer documents to the holders of the INCPS.

On 9 January 2008, the Company received valid acceptances from holders of the Offer INCPS ('Accepting Holders'), resulting the Company holding not less than 90% of the Offer INCPS and 99.69% of the total and issued paid up capital of the INCPS.

The Company intends to invoke the provisions of Section 180 of the Companies Act, 1965 to compulsorily acquire all outstanding Offer INCPS from the holders of the Offer INCPS whose acceptances have not been received under the Offer ('Dissenting Holders').

The Proposed Purchase of INCPS is only expected to be completed in the first quarter of 2008 and is expected to contribute positively to earnings of the RHB Capital Group in 2008 due to interest savings.

- (e) **Proposed corporate proposals by RHB Investment Bank, a wholly-owned subsidiary of the Company**

The Company announced on 16 October 2007 that RHB Investment Bank has proposed to undertake the following proposals:

- (i) proposed full redemption of its existing RM165.0 million nominal value of Redeemable Unsecured Subordinated Bonds ('Sub-Bonds') on its optional redemption date i.e. 10 December 2007 ('Proposed Redemption');
- (ii) proposed issuance of up to RM245.0 million nominal value of Subordinated Notes ('Notes') under a Subordinated Note Programme ('Sub-Note Programme');
- (iii) proposed issuance of up to RM75.0 million nominal value of Hybrid Tier 1 Capital Securities ('HT1 Securities'); and
- (iv) proposed cancellation of RM75.0 million of its existing issued and paid-up share capital and returning the same to its shareholders ('Proposed Capital Repayment').

(The above are collectively referred to as "the Proposals")

BNM has on 12 September 2007 approved the Proposals, whilst the SC had on 11 October 2007 approved the Sub-Note Programme and the HT1 Securities, subject to the terms and conditions stated therein.

The Proposals form part of RHB Investment Bank's capital management initiatives, with the objective of increasing the return to its shareholder and optimising the capital structure of RHB Investment Bank.

On 10 December 2007, the Company announced that RHB Investment Bank had fully redeemed its existing RM165.0 million Sub-Bonds and issued RM200.0 million nominal value of Notes under the Sub-Note Programme on the same date.

The Proposals will not have any effect on the share capital and substantial shareholding structure and are not expect to have any material effect on the net assets, consolidated earnings and dividend policy of the Company. However, the Proposals are expected to contribute positively to the future earnings of the Company and its group of companies as the Sub-Note Programme will carry a lower interest rate than the existing Sub-Bonds.

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**B8. Status of Corporate Proposals (continued)**

- (f) **Proposed transfer of the unit trust business of RHB Unit Trust Management Berhad ('RHBUT') to RHB Investment Management Sdn Bhd (formerly known as RHB Asset Management Sdn Bhd) ('RHBIM')**

The Company announced on 17 October 2007 that the SC has granted approval for the proposed transfer of the entire assets and liabilities of RHBUT to RHBIM. In furtherance thereto, RHBIM has been approved as a Unit Trust Management Company for the funds currently managed by RHBUT.

Both RHBUT and RHBAM are wholly-owned subsidiaries of RHB Investment Bank, which in turn is a wholly-owned subsidiary of the Company.

Subsequently, the High Court of Malaya had, on 19 December 2007 granted the vesting order for the transfer of the unit trust business, assets and liabilities of RHBUT to RHBIM which shall take effect on 1 January 2008.

**B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations**

	Group			
	As at		As at	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>(a) Deposits from customers and placements of banks and other financial institutions</b>				
Deposits from customers				
- one year or less (short term)	75,185,655		57,110,723	
- more than one year (medium/long term)	607,576		414,809	
	<u>75,793,231</u>		<u>57,525,532</u>	
Deposits and placements of banks and other financial institutions				
- one year or less (short term)	7,891,741		10,560,184	
- more than one year (medium/long term)	778,590		1,016,934	
	<u>8,670,331</u>		<u>11,577,118</u>	
	Group		Company	
	As at	As at	As at	As at
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>(b) Borrowings</b>				
Secured:				
Revolving credits	20,000	-	20,000	-
Term loans	240,000	240,000	240,000	240,000
Unsecured:				
Revolving credits	-	93,200	-	93,200
Overdrafts	30	-	30	-
Term loans	726,700	282,400	396,000	-
RM600 million 6 years				
Serial Fixed Rate Bonds	596,363	594,904	596,363	594,904
RM350 million				
Fixed Rate Bonds	342,584	341,308	342,584	341,308
	<u>1,925,677</u>	<u>1,551,812</u>	<u>1,594,977</u>	<u>1,269,412</u>

Included in the term loans, RM330,700,000 (2006: RM282,400,000) was denominated in USD.



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**B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations (continued)**

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
	RM'000	RM'000	RM'000	RM'000
<b>(b) Borrowings (continued)</b>				
Maturity period of borrowings:				
Repayable within one year	656,029	93,200	656,029	93,200
One year to three years	298,744	389,173	298,744	389,173
Three years to five years	640,204	445,731	640,204	445,731
Over five years	330,700	623,708	-	341,308
	<u>1,925,677</u>	<u>1,551,812</u>	<u>1,594,977</u>	<u>1,269,412</u>

	Group	
	As at	As at
	31 Dec 2007	31 Dec 2006
	RM'000	RM'000
<b>(c) Subordinated obligations</b>		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,275,000	-
5.5% RM700 million Tier II subordinated notes 2007/2022	700,000	-
5.3% RM200 million Tier II subordinated notes 2007/2017	195,000	-
6.625% USD150 million Tier II subordinated notes 2002/2013	495,000	528,158
8.2% RM165 million Tier II subordinated bonds 2002/2012	-	165,000
6.85% RM800 million Tier II subordinated bonds 2002/2012	-	800,000
	<u>2,665,000</u>	<u>1,493,158</u>

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

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**B10. Off-Balance Sheet Financial Instruments**

**Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at 31 December 2007**

**Group**

Items	Principal amount RM'million	1 month or less RM'million	> 1 – 3 months RM'million	> 3 – 6 months RM'million	> 6 – 12 months RM'million	> 1 – 5 years RM'million	> 5 years RM'million	Margin requirement RM'million
Foreign exchange related contracts								
- forwards	3,758	1,629	1,384	456	289	-	-	-
- swaps	4,733	3,130	1,028	365	210	-	-	-
- options	597	587	3	7	-	-	-	-
- spots	180	173	7	-	-	-	-	-
- cross currency	935	-	-	-	-	9	926	-
Interest rate related contracts								
- futures	3,630	-	360	360	600	2,310	-	2,373
- swaps	5,242	1,456	465	269	210	2,670	172	-
<b>Total</b>	<b>19,075</b>	<b>6,975</b>	<b>3,247</b>	<b>1,457</b>	<b>1,309</b>	<b>4,989</b>	<b>1,098</b>	<b>2,373</b>

RHB Bank has given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from offshore banking business in the Federal Territory of Labuan.

Other than the above, there were no other off-balance sheet transactions in the Group which were not in the ordinary course of business.

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**B10. Off-Balance Sheet Financial Instruments (continued)**

**Related accounting policies**

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

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**B11. Material Litigation**

**(a) Carta Bintang Sdn Bhd**

On 19 October 2001, the Company filed a Writ of Summons at the High Court of Malaya in Kuala Lumpur ('High Court') against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities ('Sale Shares').

On 26 November 2001, CBSB's solicitors served the Defence and Counterclaim on the Company's solicitors. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgment in favour of the Company for CBSB to return the Deposit to the Company and a summary judgment in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's summary judgment orders.

Both parties have filed their respective appeals to the Court of Appeal against the decisions of the Learned High Court Judge (Please refer to A27(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim).

Hearing date for the appeals have yet to be fixed.

**(b) Tan Sri Dato' Abdul Rashid Hussain**

The Company has commenced the suit against the Defendant in 2004. On 16 December 2005, the High Court has dismissed with costs the Company's claim against the Defendant.

On 9 January 2006, the Company filed a Notice of Appeal at the Court of Appeal against the decision.

The Company withdrew the appeal on 12 December 2007.

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**B11. Material Litigation (continued)**

**(c) Tan Sri Dato' Abdul Rashid Hussain, Chong Kin Leong, Seah Fook Chin, Tajul Ariffin, Ong Tiang Lock and Rosley Ahmad**

This suit was initially filed by the Company, RHB Securities and RHB Equities. In respect of RHB Securities, with effect from 30 December 2006, the assets and liabilities of RHB Securities including this suit have been vested into RHB Investment Bank pursuant to a vesting order of the High Court. Subsequently, RHB Securities was renamed as RHB Excel on 9 January 2007.

The following is a summary of the litigation from commencement of the suit:

On 28 January 2005, a Writ of Summons had been filed at the High Court of Malaya in Kuala Lumpur by the Company, RHB Excel and RHB Equities against the following individuals:

- (i) Tan Sri Dato' Abdul Rashid bin Hj Mohamed Hussain in his capacity as former Executive Chairman of the Company and RHB Excel and in his capacity as former director of RHB Equities;
- (ii) Mr Chong Kin Leong in his capacity as former director of the Company and RHB Equities;
- (iii) Mr Seah Fook Chin in his capacity as former director of the Company and RHB Equities;
- (iv) Encik Tajul Ariffin bin Mohd Tahir in his capacity as former Executive Director of RHB Excel and in his capacity as former director of RHB Equities;
- (v) Mr Ong Tiang Lock in his capacity as former director of RHB Equities; and
- (vi) Encik Rosley bin Ahmad in his capacity as former principal legal advisor and former Company Secretary of the Company, RHB Excel and RHB Equities;

for a total sum of RM1,430,410,355.96 on the grounds of breach of fiduciary duties, breach of trust, breach of contracts of employment and/or negligence in relation to certain margin finance facilities granted by RHB Equities during the abovenamed individuals' tenure as directors and/or officers of the Company and/or RHB Excel and/or RHB Equities.

On 2 March 2005, the Company, RHB Excel and RHB Equities filed a fresh Writ of Summons ('New Writ') on the additional grounds of dishonest breach of fiduciary duties and fraudulent breach of trust. The earlier Writ of Summons was discontinued upon filing of the New Writ.

The Defendants, the amount claimed from them, and the grounds of claim as stated in the New Writ remains the same as in the earlier Writ of Summons filed on 28 January 2005, save and except for the addition of the grounds of dishonest breach of fiduciary duties and fraudulent breach of trust.

The defendants filed their defences on 12 May 2005. On 23 June 2005, the Company, RHB Excel and RHB Equities filed replies to the defences.

RHB Equities is a wholly-owned subsidiary of the Company.

The Company, RHB Excel and RHB Equities had decided to discontinue their claim brought against the defendants on 7 December 2007.

All the above material litigations are not expected to have any material adverse effect on the financial results of the Group.

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**B12. Dividends Declared**

- (a) A proposed gross final dividend of 8.6% less 26% income tax has been proposed for the current financial year:
- (i) Amount per share: 8.6% less 26% income tax
  - (ii) Previous corresponding quarter: Final dividend of 6.0% less 27% income tax
  - (iii) Entitlement date: to be announced later
  - (iv) Payment date: to be announced later
- (b) The total gross dividend per share for the current financial year: 13.6% comprising 5.0% less 27% income tax and 8.6% less 26% income tax.

	<b>4th quarter ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
<b>B13. Earnings per Share</b>				
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company (RM'000)	<b>173,180</b>	123,742	<b>712,930</b>	438,310
Weighted average number of ordinary shares in issue ('000)	<b>2,153,475</b>	1,823,475	<b>1,988,927</b>	1,823,475
Basic earnings per share (sen)	<b>8.0</b>	6.8	<b>35.8</b>	24.0

**BY ORDER OF THE BOARD**

**AZMAN SHAH MD YAMAN**  
(Licence No. LS0006901)

Company secretary

28 February 2008