

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

Note	Group		Bank	
	As At	As At	As At	As At
	30.09.2008	31.12.2007	30.09.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	14,323,802	17,244,585	13,242,734	15,309,821
Securities purchased under resale agreements	64,475	567,836	64,475	567,836
Deposits and placements with banks and other financial institutions	1,651,337	3,291,891	1,451,745	2,964,499
Securities held for trading	8 2,569,418	1,842,218	2,092,586	1,354,023
Securities available-for-sale ('AFS')	9 3,778,121	7,026,381	3,253,800	6,871,139
Securities held-to-maturity	10 9,716,191	6,734,841	8,515,152	5,822,417
Loans, advances and financing	11 59,601,246	53,703,107	51,858,665	47,470,523
Other assets	13 361,545	516,324	432,559	801,595
Derivative assets	218,579	105,401	218,204	102,102
Tax recoverable	14,074	2,572	-	-
Deferred taxation assets	292,771	247,852	250,477	207,222
Statutory deposits	1,713,029	1,604,379	1,498,889	1,416,350
Investment in subsidiaries	-	-	828,956	828,956
Investment in an associate	-	4,963	-	-
Property, plant and equipment	518,308	488,545	431,349	420,314
Prepaid land lease	102,592	98,946	21,021	21,263
Goodwill	1,004,017	1,004,017	905,519	905,519
TOTAL ASSETS	95,929,505	94,483,858	85,066,131	85,063,579
LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY				
Deposits from customers	14 72,749,243	72,703,479	63,810,573	64,315,697
Deposits and placements of banks and other financial institutions	15 6,250,959	5,656,676	5,111,013	5,277,349
Bills and acceptances payable	4,877,877	3,959,943	4,865,560	3,949,841
Recourse obligation on loans sold to Cagamas Berhad	1,225,478	1,854,873	1,225,478	1,854,873
Other liabilities	16 1,191,157	1,291,264	933,906	1,082,183
Derivative liabilities	216,817	117,820	211,099	109,427
Provision for taxation	204,931	98,146	201,712	94,973
Deferred taxation liabilities	15	17	-	-
Long term borrowings	653,743	330,700	653,743	330,700
Subordinated obligations	2,000,000	2,495,000	2,000,000	2,495,000
	89,370,220	88,507,918	79,013,084	79,510,043
Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS')	-	1,368,099	-	1,368,099
	89,370,220	89,876,017	79,013,084	80,878,142
Ordinary Share Capital	3,318,085	1,949,986	3,318,085	1,949,986
Reserves	3,241,200	2,657,855	2,734,962	2,235,451
Shareholders' equity	6,559,285	4,607,841	6,053,047	4,185,437
TOTAL LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY	95,929,505	94,483,858	85,066,131	85,063,579
COMMITMENTS AND CONTINGENCIES	25 56,817,965	51,098,106	54,038,960	47,599,365

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	Note	<u>Individual Quarter</u>		<u>Cumulative Nine months</u>	
		Current Financial Quarter Ended 30.09.2008 RM'000	Preceding Corresponding Quarter Ended 30.09.2007 RM'000	Current Financial Nine Months Ended 30.09.2008 RM'000	Preceding Corresponding Nine Months Ended 30.09.2007 RM'000
<u>Group</u>					
Interest income	17	1,114,817	1,119,266	3,374,460	3,377,191
Interest expense	18	(542,847)	(598,070)	(1,684,108)	(1,861,472)
Net interest income		571,970	521,196	1,690,352	1,515,719
Other operating income	19	189,728	169,103	536,780	532,076
		761,698	690,299	2,227,132	2,047,795
Income from Islamic banking business	20	73,652	54,440	200,498	238,700
		835,350	744,739	2,427,630	2,286,495
Other operating expenses	21	(323,371)	(306,826)	(934,425)	(897,050)
Operating profit before allowances		511,979	437,913	1,493,205	1,389,445
Allowance for losses on loans and financing	22	(4,874)	(110,751)	(314,485)	(505,662)
Allowance for impairment losses	23	(14,808)	122	(3,271)	(20,046)
		492,297	327,284	1,175,449	863,737
Share of results of an associate		-	49	38	160
Profit before INCPS dividends and taxation		492,297	327,333	1,175,487	863,897
INCPS dividends		(8,358)	(34,484)	(32,146)	(102,326)
Profit after INCPS dividends but before taxation		483,939	292,849	1,143,341	761,571
Taxation		(140,630)	(70,741)	(309,508)	(192,546)
Net profit for the financial period		<u>343,309</u>	<u>222,108</u>	<u>833,833</u>	<u>569,025</u>
Earnings per ordinary share					
- Basic earnings per 50 sen share		<u>5.17</u>	<u>5.70</u>	<u>14.43</u>	<u>14.59</u>

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	Note	<u>Individual Quarter</u>		<u>Cumulative Nine months</u>	
		Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
		RM'000	RM'000	RM'000	RM'000
<u>Bank</u>					
Interest income	17	1,091,242	1,081,339	3,296,001	3,267,352
Interest expense	18	(529,559)	(577,270)	(1,642,033)	(1,798,663)
Net interest income		561,683	504,069	1,653,968	1,468,689
Other operating income	19	200,424	211,264	557,135	586,061
Other operating expenses	21	762,107 (293,786)	715,333 (278,139)	2,211,103 (846,773)	2,054,750 (811,883)
Operating profit before allowances		468,321	437,194	1,364,330	1,242,867
Allowance for losses on loans and financing	22	18,795	(113,091)	(275,493)	(481,445)
Allowance for impairment losses	23	(14,808)	122	(3,083)	(20,046)
Profit before INCPS dividends and taxation		472,308	324,225	1,085,754	741,376
INCPS dividends		(8,358)	(34,484)	(32,146)	(102,326)
Profit after INCPS dividends but before taxation		463,950	289,741	1,053,608	639,050
Taxation		(129,109)	(75,041)	(288,256)	(163,805)
Net profit for the financial period		<u>334,841</u>	<u>214,700</u>	<u>765,352</u>	<u>475,245</u>
Earnings per ordinary share					
- Basic earnings per 50 sen share		<u>5.05</u>	<u>5.51</u>	<u>13.25</u>	<u>12.19</u>

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

<u>Group</u>	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	Total RM'000
Balance as at 01.01.2008	1,949,986	8,563	2,010,114	(17,815)	16,770	640,223	4,607,841
Currency translation differences	-	-	-	5,319	-	-	5,319
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(125,028)	-	(125,028)
AFS reserve realised on disposal of AFS securities	-	-	-	-	13,196	-	13,196
Net transfer to income statement on impairment	-	-	-	-	15,316	-	15,316
Deferred tax	-	-	-	-	26,581	-	26,581
Income and expenses recognised directly in equity	-	-	-	5,319	(69,935)	-	(64,616)
Net profit for the financial period	-	-	-	-	-	833,833	833,833
Total recognised income and expenses for the financial period	-	-	-	5,319	(69,935)	833,833	769,217
Conversion of INCPS to ordinary shares	1,368,099	-	-	-	-	-	1,368,099
Transfer to statutory reserves	-	-	107,504	-	-	(107,504)	-
Ordinary dividends paid during the financial period	-	-	-	-	-	(185,872)	(185,872)
Balance as at 30.09.2008	<u>3,318,085</u>	<u>8,563</u>	<u>2,117,618</u>	<u>(12,496)</u>	<u>(53,165)</u>	<u>1,180,680</u>	<u>6,559,285</u>
Balance as at 01.01.2007	1,949,986	8,563	1,789,503	(20,663)	(1,466)	970,739	4,696,662
Currency translation differences	-	-	-	(11,081)	-	-	(11,081)
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(15,104)	-	(15,104)
AFS reserve realised on disposal of AFS securities	-	-	-	-	(3,778)	-	(3,778)
Net transfer to income statement on impairment	-	-	-	-	21,986	-	21,986
Deferred tax	-	-	-	-	(557)	-	(557)
Income and expenses recognised directly in equity	-	-	-	(11,081)	2,547	-	(8,534)
Net profit for the financial period	-	-	-	-	-	569,025	569,025
Total recognised income and expenses for the financial period	-	-	-	(11,081)	2,547	569,025	560,491
Transfer to statutory reserves	-	-	107,596	-	-	(107,596)	-
Ordinary dividends paid during the financial period	-	-	-	-	-	(233,452)	(233,452)
Balance as at 30.09.2007	<u>1,949,986</u>	<u>8,563</u>	<u>1,897,099</u>	<u>(31,744)</u>	<u>1,081</u>	<u>1,198,716</u>	<u>5,023,701</u>

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RHB BANK BERHAD (6171-M)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

Bank	← Non-distributable →				Distributable		Total
	Share capital	Share premium	Statutory reserves	Translation reserves	AFS reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01.01.2008	1,949,986	8,563	1,886,928	31,023	19,473	289,464	4,185,437
Currency translation differences	-	-	-	(8,883)	-	-	(8,883)
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(125,038)	-	(125,038)
AFS reserve realised on disposal of AFS securities	-	-	-	-	13,299	-	13,299
Net transfer to income statement on impairment	-	-	-	-	15,316	-	15,316
Deferred tax	-	-	-	-	25,337	-	25,337
Expenses recognised directly in equity	-	-	-	(8,883)	(71,086)	-	(79,969)
Net profit for the financial period	-	-	-	-	-	765,352	765,352
Total recognised income and expenses for the financial period	-	-	-	(8,883)	(71,086)	765,352	685,383
Conversion of INCPS to ordinary shares	1,368,099	-	-	-	-	-	1,368,099
Transfer to statutory reserves	-	-	107,628	-	-	(107,628)	-
Ordinary dividends paid during the financial period	-	-	-	-	-	(185,872)	(185,872)
Balance as at 30.09.2008	3,318,085	8,563	1,994,556	22,140	(51,613)	761,316	6,053,047
Balance as at 01.01.2007	1,949,986	8,563	1,725,580	5,585	(1,015)	668,871	4,357,570
Currency translation differences	-	-	-	119	-	-	119
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(17,930)	-	(17,930)
AFS reserve realised on disposal of AFS securities	-	-	-	-	(2,633)	-	(2,633)
Net transfer to income statement on impairment	-	-	-	-	21,986	-	21,986
Deferred tax	-	-	-	-	(398)	-	(398)
Income recognised directly in equity	-	-	-	119	1,025	-	1,144
Net profit for the financial period	-	-	-	-	-	475,245	475,245
Total recognised income for the financial period	-	-	-	119	1,025	475,245	476,389
Transfer to statutory reserves	-	-	65,137	-	-	(65,137)	-
Ordinary dividends paid during the financial period	-	-	-	-	-	(233,452)	(233,452)
Balance as at 30.09.2007	1,949,986	8,563	1,790,717	5,704	10	845,527	4,600,507

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RHB BANK BERHAD (6171-M)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	30.09.2008	30.09.2007
	RM '000	RM '000
<u>Group</u>		
Profit after INCPS dividends but before taxation	1,143,341	761,571
Adjustment for non-cash items	<u>358,673</u>	<u>372,133</u>
Operating profit before changes in working capital	1,502,014	1,133,704
Changes in working capital:		
Net changes in operating assets	(4,966,953)	891,133
Net changes in operating liabilities	<u>939,572</u>	<u>(248,393)</u>
	(4,027,381)	642,740
Taxation paid	<u>(228,262)</u>	<u>(169,743)</u>
Net cash (used in)/generated from operating activities	<u>(2,753,629)</u>	<u>1,606,701</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(78,469)	(54,334)
Proceeds from disposal of property, plant and equipment	10	2,844
Proceeds from sale of an associate	7,069	-
Net sale/(purchase) of securities available-for-sale	3,173,206	(3,852,618)
Net (purchase)/sale of securities held-to-maturity	(2,966,252)	6,093,899
Interest received from securities available-for-sale	154,100	266,854
Investment income received from securities available-for-sale	2,198	2,430
Interest received from securities held-to-maturity	186,279	256,488
Investment income received from securities held-to-maturity	7,813	7,799
Dividend income from securities available-for-sale	8,124	3,739
Net cash generated from investing activities	<u>494,078</u>	<u>2,727,101</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated obligations	(479,100)	-
Dividends paid:		
- INCPS	(32,271)	(49,799)
- Ordinary shares	<u>(185,872)</u>	<u>(233,452)</u>
Net cash used in financing activities	<u>(697,243)</u>	<u>(283,251)</u>
Net (decrease)/increase in cash and cash equivalents	(2,956,794)	4,050,551
Effects of exchange rate differences	36,011	(34,325)
Cash and cash equivalents brought forward	<u>17,244,585</u>	<u>9,623,320</u>
Cash and cash equivalents carried forward	<u>14,323,802</u>	<u>13,639,546</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>14,323,802</u>	<u>13,639,546</u>

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007

RHB BANK BERHAD (6171-M)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

	30.09.2008	30.09.2007
	RM '000	RM '000
<u>Bank</u>		
Profit after INCPS dividends but before taxation	1,053,608	639,050
Adjustment for non-cash items	<u>292,244</u>	<u>310,460</u>
Operating profit before changes in working capital	1,345,852	949,510
Changes in working capital:		
Net changes in operating assets	(3,291,731)	350,406
Net changes in operating liabilities	<u>(421,295)</u>	<u>266,244</u>
	(3,713,026)	616,650
Taxation paid	<u>(192,624)</u>	<u>(116,823)</u>
Net cash (used in)/generated from operating activities	<u>(2,559,798)</u>	<u>1,449,337</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(58,692)	(33,562)
Proceeds from disposal of property, plant and equipment	10	2,790
Net sale/(purchase) of securities available-for-sale	3,541,870	(3,720,904)
Net (purchase)/sale of securities held-to-maturity	(2,692,940)	5,983,041
Interest received from securities available-for-sale	153,770	264,061
Interest received from securities held-to-maturity	184,657	248,275
Dividend income from securities available-for-sale	8,124	3,739
Dividend income from subsidiary companies	<u>27,241</u>	<u>41,129</u>
Net cash generated from investing activities	<u>1,164,040</u>	<u>2,788,569</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of subordinated obligations	(479,100)	-
Principal repayment of finance lease	(407)	(376)
Dividends paid:		
- INCPS	(32,271)	(49,799)
- Ordinary shares	<u>(185,872)</u>	<u>(233,452)</u>
Net cash used in financing activities	<u>(697,650)</u>	<u>(283,627)</u>
Net (decrease)/increase in cash and cash equivalents	(2,093,408)	3,954,279
Effects of exchange rate differences	26,321	(23,598)
Cash and cash equivalents brought forward	<u>15,309,821</u>	<u>8,571,796</u>
Cash and cash equivalents carried forward	<u>13,242,734</u>	<u>12,502,477</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>13,242,734</u>	<u>12,502,477</u>

The Unaudited Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007

RHB BANK BERHAD (6171-M)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008

1 Basis Of Preparation

The unaudited interim financial statements for the nine months ended 30 September 2008 have been prepared in accordance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB'). The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2007.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial report are consistent with those reported in the financial statements for the financial year ended 31 December 2007.

2 Audit Report

The audit report for the financial year ended 31 December 2007 was not subject to any qualification.

3 Seasonal or Cyclical Factors

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

4 Exceptional or Unusual Items

There were no exceptional or unusual items in the nine months ended 30 September 2008.

5 Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the nine months ended 30 September 2008.

6 Changes In Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review except for the full redemption of the USD150 million Subordinated Notes 2002/2013 on 25 January 2008 and conversion of 1,368,099,145 INCPS of RM1.00 each to 2,736,198,290 new ordinary shares of RM0.50 each on 27 March 2008.

On 10 July 2008, Securities Commission had approved the proposed issuance of up to RM600 million nominal value of Hybrid Tier-1 Capital Securities under a Hybrid Tier-1 Capital Securities Programme by the Bank. The Bank is still yet to issue the said Hybrid Tier-1 Capital Securities as at todate.

7 Dividends Paid

An interim dividend of 7.57%, less 26% tax in respect of financial year ending 31 December 2008, amounting to RM185,872,000 was paid on 17 September 2008.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

8 Securities Held For Trading

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
At fair value				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	44,026	78,538	44,026	78,538
Cagamas bonds	4,502	19,272	4,502	19,272
Khazanah bonds	-	30,893	-	30,893
Malaysian government investment issues	80,533	99,948	80,533	99,948
Singapore government securities	-	103,306	-	103,306
<u>Unquoted</u>				
Malaysian government treasury bills	160,444	19,657	160,444	19,657
Fixed rate notes	292,278	221,421	292,278	221,421
BNM notes	1,103,552	396,106	1,103,552	342,793
Structured notes	113,750	-	113,750	-
Private debts securities	642,764	747,773	293,501	438,195
<u>Quoted securities:</u>				
<u>Outside Malaysia</u>				
Malaysian government investment issues	107,618	105,256	-	-
Private debt securities	19,951	20,048	-	-
Total securities held for trading	2,569,418	1,842,218	2,092,586	1,354,023

RHB BANK BERHAD (6171-M)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

9 Securities Available-For-Sale

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
At fair value				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	99,453	100,385	99,453	100,385
Cagamas bonds and Cagamas Mudharabah bonds	117,184	410,370	117,184	410,370
Malaysian government investment issues	380,002	18,257	-	-
Singapore government securities	288,512	81,010	288,512	81,010
Khazanah bonds	-	9,738	-	-
Private debt securities	144,074	137,548	144,074	137,548
<u>Unquoted</u>				
Malaysian government treasury bills	-	196,667	-	157,834
Singapore government treasury bills	131,834	285,910	131,834	285,910
Negotiable instruments of deposits	111,123	1,262,834	111,123	1,262,834
Bankers' acceptances and Islamic accepted bills	-	34,044	-	34,044
Private debt securities	1,900,389	2,288,803	1,764,266	2,268,414
Structured notes	164,904	154,440	164,904	154,440
BNM notes	49,721	1,618,338	49,721	1,560,962
	3,387,196	6,598,344	2,871,071	6,453,751
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	19,626	68,744	19,626	68,744
Shares	5,993	9,045	4,547	5,825
<u>Outside Malaysia</u>				
Floating rate notes	163	156	-	-
Shares	6	11	-	-
	25,788	77,956	24,173	74,569
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	97,953	105,077	91,947	98,390
Shares	166,299	165,779	165,724	165,204
Private debt securities	39,738	68,316	39,738	68,316
<u>Outside Malaysia</u>				
Private debt securities	61,147	10,909	61,147	10,909
Total securities available-for-sale	3,778,121	7,026,381	3,253,800	6,871,139

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

10 Securities Held-To-Maturity

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
At amortised cost				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	1,232,187	1,309,707	1,232,187	1,309,707
Cagamas bonds and Cagamas Mudharabah bonds	848,423	819,407	633,260	769,123
Khazanah bonds	587,679	516,481	198,437	-
Malaysian government investment issues	331,751	82,774	-	-
Singapore government securities	120,142	-	120,142	-
<u>Unquoted</u>				
Negotiable instruments of deposits	1,636,886	774,095	1,636,886	774,095
Prasarana bonds	1,877,506	1,879,776	1,877,506	1,879,776
Private debt securities	1,160,209	670,026	960,691	470,828
Structured notes	450,742	100,000	450,742	100,000
BNM notes	894,657	-	894,657	-
Other government securities	245,321	247,568	245,321	247,568
	9,385,503	6,399,834	8,249,829	5,551,097
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Bonds	27,178	27,178	860	860
Privates debt securities	346,398	347,166	346,398	347,166
Corporate loan stocks	70,589	87,316	70,589	87,316
Shares	500	500	500	500
<u>Outside Malaysia</u>				
Floating rate notes	39,047	37,369	-	-
	9,869,215	6,899,363	8,668,176	5,986,939
Accumulated impairment losses	(153,024)	(164,522)	(153,024)	(164,522)
Total securities held-to-maturity	9,716,191	6,734,841	8,515,152	5,822,417

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

11 Loans, Advances and Financing

(i) By type

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Overdrafts	6,397,669	6,259,416	6,355,704	6,210,439
Term Loans/financing				
- Housing loans/financing	12,900,169	12,608,753	11,481,075	10,990,141
- Syndicated term loans/financing	2,531,120	2,081,830	1,049,859	933,452
- Hire purchase receivables	10,751,563	9,856,706	9,735,043	8,990,511
- Lease receivables	262,093	264,807	-	-
- Other term loans/financing	14,580,905	12,291,016	12,297,644	10,975,439
Bills receivable	2,723,735	2,282,049	1,823,325	1,488,514
Trust receipts	544,504	465,381	510,625	455,756
Claims on customers under acceptance credits	5,502,759	5,032,339	5,502,759	5,032,339
Staff loans/financing	376,716	386,351	364,000	376,847
Credit card receivables	1,986,774	1,630,493	1,986,774	1,630,493
Revolving credit	5,083,336	4,185,900	4,368,851	3,673,456
Floor stocking	5,691	6,816	5,691	6,816
	63,647,034	57,351,857	55,481,350	50,764,203
Less: Unearned interest and income	(1,563,073)	(1,453,768)	(1,412,349)	(1,335,500)
Gross loans, advances and financing	62,083,961	55,898,089	54,069,001	49,428,703
Less: Allowance for bad and doubtful debts and financing:				
- general	(1,081,966)	(984,181)	(941,697)	(861,815)
- specific	(1,400,749)	(1,210,801)	(1,268,639)	(1,096,365)
Net loans, advances and financing	59,601,246	53,703,107	51,858,665	47,470,523

(ii) By type of customer

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Domestic non-bank financial institutions				
- Stock broking companies	364	231	364	231
- Others	546,695	601,898	514,550	573,953
Domestic business enterprises				
- Small medium enterprises	10,832,484	8,990,565	9,801,155	7,927,251
- Others	22,955,089	20,907,657	19,169,169	17,926,891
Government and statutory bodies	156,841	224,665	57,019	123,512
Individuals	26,241,506	24,443,737	24,049,067	22,481,664
Other domestic entities	111,496	89,503	100,192	75,081
Foreign entities	1,239,486	639,833	377,485	320,120
	62,083,961	55,898,089	54,069,001	49,428,703

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

11 Loans, Advances and Financing (cont'd)

(iii) By interest/profit rate sensitivity

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Fixed rate				
- Housing loans/financing	1,544,361	1,731,613	125,197	113,262
- Hire purchase receivables	9,215,739	8,430,436	8,334,966	7,666,882
- Other fixed rate loans/financing	4,678,100	3,492,899	2,277,124	1,875,971
Variable rate				
- Base Lending Rate plus	22,084,041	20,339,184	22,084,085	20,339,184
- Cost-plus	18,703,208	16,550,007	17,480,095	15,763,123
- Other variable rates	5,858,512	5,353,950	3,767,534	3,670,281
	62,083,961	55,898,089	54,069,001	49,428,703

(iv) By Purpose

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Purchase of securities	1,970,755	1,990,459	1,867,751	1,805,279
Purchase of transport vehicles	7,327,432	6,564,938	6,393,145	5,965,893
Purchase of landed property:				
- Residential	13,667,574	13,149,678	12,000,956	11,530,002
- Non-residential	2,749,901	2,199,437	2,742,685	2,219,292
Purchase of property, plant and equipment other than land and building	4,095,440	2,757,686	2,920,527	2,005,476
Personal use	1,990,475	2,152,428	1,969,367	2,128,582
Credit card	1,986,774	1,630,493	1,986,774	1,630,493
Purchase of consumer durables	77,956	92,947	77,788	92,623
Construction	2,067,689	1,517,401	1,329,486	1,314,001
Merger and acquisition	22,559	-	-	-
Working capital	24,564,776	21,623,876	21,443,263	19,792,446
Other purposes	1,562,630	2,218,746	1,337,259	944,616
	62,083,961	55,898,089	54,069,001	49,428,703

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

12 Non-Performing Loans/Financing (NPL/NPF)

(i) Movement in non-performing loans, advances and financing

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
At beginning of period/year	3,041,710	4,080,226	2,768,072	3,774,831
Classified as non-performing during the period/year	2,354,307	3,467,477	2,050,123	3,070,763
Reclassified as performing during the period/year	(1,936,670)	(2,430,980)	(1,736,776)	(2,123,643)
Loans/financing converted to securities	-	(15,586)	-	(15,586)
Amount recovered	(397,985)	(981,653)	(362,805)	(943,697)
Amount written off	(283,727)	(1,076,665)	(257,421)	(1,029,424)
Amount novated from RHB Bank (L) Ltd	-	-	-	33,070
Exchange difference	3,473	(1,109)	2,693	1,758
At end of period/year	<u>2,781,108</u>	<u>3,041,710</u>	<u>2,463,886</u>	<u>2,768,072</u>
Specific allowance	<u>(1,400,749)</u>	<u>(1,210,801)</u>	<u>(1,268,639)</u>	<u>(1,096,365)</u>
Net non-performing loans, advances and financing	<u><u>1,380,359</u></u>	<u><u>1,830,909</u></u>	<u><u>1,195,247</u></u>	<u><u>1,671,707</u></u>
Ratio of net non-performing loans and financing to net loans, advances and financing	<u><u>2.3%</u></u>	<u><u>3.3%</u></u>	<u><u>2.3%</u></u>	<u><u>3.5%</u></u>

(ii) NPL/NPF by sector

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Purchase of securities	7,845	21,781	7,845	21,781
Purchase of transport vehicles	227,052	270,881	224,675	267,767
Purchase of landed property:				
- Residential	972,788	1,056,921	816,514	886,465
- Non-residential	130,036	146,271	126,767	142,207
Purchase of property, plant and equipment other than land and building	82,338	68,441	59,205	47,534
Personal use	108,601	125,543	104,458	120,244
Credit card	48,868	44,725	48,868	44,725
Purchase of consumer durables	5,267	6,605	5,267	6,604
Construction	128,063	120,605	115,144	118,435
Working capital	1,062,259	1,158,761	947,152	1,104,770
Other purposes	7,991	21,176	7,991	7,540
	<u><u>2,781,108</u></u>	<u><u>3,041,710</u></u>	<u><u>2,463,886</u></u>	<u><u>2,768,072</u></u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

12 Non-Performing Loans/Financing (NPL/NPF) (cont'd)

(iii) Movement in allowance for bad and doubtful debts and financing accounts

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
General allowance				
At beginning of period/year	984,181	965,782	861,815	843,614
Allowance made during the period/year	94,990	19,994	78,520	17,630
Exchange difference	2,795	(1,595)	1,362	571
At end of period/year	<u>1,081,966</u>	<u>984,181</u>	<u>941,697</u>	<u>861,815</u>
As % of gross loans, advances and financing less specific allowance	<u>1.8%</u>	<u>1.8%</u>	<u>1.8%</u>	<u>1.8%</u>
Specific allowance				
At beginning of period/year	1,210,801	1,658,949	1,096,365	1,561,079
Allowance made during the period/year	632,965	1,060,741	589,109	987,958
Transferred to accumulated impairment losses for securities	-	(11,128)	-	(11,128)
Amount recovered	(163,947)	(401,004)	(154,779)	(391,533)
Amount written off	(280,699)	(1,096,339)	(262,327)	(1,051,844)
Exchange difference	1,629	(418)	271	1,833
At end of period/year	<u>1,400,749</u>	<u>1,210,801</u>	<u>1,268,639</u>	<u>1,096,365</u>

13 Other Assets

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Other debtors, deposits and prepayments	231,757	360,541	210,161	302,296
Accrued interest receivable	126,132	151,818	103,507	142,427
Amount due from immediate holding company	58	47	58	47
Amounts due from subsidiaries	-	-	115,235	352,907
Amounts due from related companies	3,598	3,918	3,598	3,918
	<u>361,545</u>	<u>516,324</u>	<u>432,559</u>	<u>801,595</u>

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14 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Demand deposits	17,397,613	17,146,686	14,832,101	14,888,417
Savings deposits	5,382,773	5,153,557	4,837,827	4,632,954
Fixed/Investment deposits	49,593,723	49,841,940	43,839,708	44,324,326
Negotiable instrument of deposits	375,134	561,296	300,937	470,000
	<u>72,749,243</u>	<u>72,703,479</u>	<u>63,810,573</u>	<u>64,315,697</u>

(ii) By type of customer

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Government and statutory bodies	5,740,878	4,477,888	3,356,068	2,764,671
Business enterprises	40,039,130	42,607,484	34,932,698	36,931,481
Individuals	24,272,741	23,473,921	23,419,068	22,668,519
Others	2,696,494	2,144,186	2,102,739	1,951,026
	<u>72,749,243</u>	<u>72,703,479</u>	<u>63,810,573</u>	<u>64,315,697</u>

15 Deposits And Placements Of Banks And Other Financial Institutions

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Licensed banks/Islamic banks	5,084,729	3,087,638	3,964,141	2,912,351
Licensed investment banks	167,100	328,605	167,100	158,895
Bank Negara Malaysia	979,291	2,205,622	979,291	2,205,622
Other financial institutions	19,839	34,811	481	481
	<u>6,250,959</u>	<u>5,656,676</u>	<u>5,111,013</u>	<u>5,277,349</u>

16 Other Liabilities

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Accrued interest payable	394,099	418,034	358,456	360,095
Accruals for operational expenses	173,754	212,589	166,799	206,031
Amount due to holding company	11,985	339	11,946	256
Amounts due to subsidiaries	-	-	26,483	24,195
Amounts due to related companies	2,450	2,061	2,342	1,938
Amount due to Danaharta	1,799	1,828	1,799	1,828
Finance lease	-	-	259	666
Prepaid instalment	79,067	71,352	79,067	71,352
Lessee deposits	89,183	85,260	889	1,405
Short term employee benefits	93,154	110,811	83,682	98,612
Other accruals and charges	345,666	388,990	202,184	315,805
	<u>1,191,157</u>	<u>1,291,264</u>	<u>933,906</u>	<u>1,082,183</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

17 Interest Income

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	798,019	758,526	2,305,185	2,240,907
- Recoveries from NPLs	39,469	49,393	148,839	144,179
Money at call and deposit placements with banks and other financial institutions	171,959	169,856	564,858	458,026
Securities purchased under resale agreements	(465)	14,289	40,283	81,185
Securities held for trading	12,764	8,935	39,875	35,195
Securities available-for-sale	38,639	75,551	133,845	267,698
Securities held-to-maturity	70,735	69,106	186,012	230,509
Others	2,382	1,185	8,512	3,135
	1,133,502	1,146,841	3,427,409	3,460,834
Accretion of discount less amortisation of premium	2,855	(6,563)	6,833	(12,239)
Interest suspended	(21,540)	(21,012)	(59,782)	(71,404)
	1,114,817	1,119,266	3,374,460	3,377,191

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Loans, advances and financing				
- Interest income other than recoveries from NPLs	773,434	725,170	2,229,307	2,141,446
- Recoveries from NPLs	39,027	46,774	147,581	140,010
Money at call and deposit placements with banks and other financial institutions	174,898	171,829	569,114	467,455
Securities purchased under resale agreements	(465)	14,289	40,283	81,185
Securities held for trading	11,537	6,876	35,363	27,566
Securities available-for-sale	38,546	74,570	133,515	264,906
Securities held-to-maturity	70,250	67,471	184,390	222,296
Others	2,382	1,185	8,512	3,135
	1,109,609	1,108,164	3,348,065	3,347,999
Accretion of discount less amortisation of premium	2,855	(6,563)	6,833	(12,239)
Interest suspended	(21,222)	(20,262)	(58,897)	(68,408)
	1,091,242	1,081,339	3,296,001	3,267,352

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18 Interest Expense

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	39,138	60,780	132,939	267,903
Deposits from customers	446,588	468,285	1,378,877	1,183,197
Subordinated obligations	26,087	22,529	80,901	67,135
Recourse obligation on loans sold to Cagamas	17,880	27,920	58,232	88,489
Obligations on securities sold under repurchase agreements	2	3,980	2	211,843
Others	13,152	14,576	33,157	42,905
	542,847	598,070	1,684,108	1,861,472

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	36,545	56,957	126,281	260,556
Deposits from customers	435,885	451,292	1,343,432	1,127,679
Subordinated obligations	26,087	22,529	80,901	67,135
Recourse obligation on loans sold to Cagamas	17,880	27,920	58,232	88,489
Obligations on securities sold under repurchase agreements	2	3,980	2	211,843
Others	13,160	14,592	33,185	42,961
	529,559	577,270	1,642,033	1,798,663

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

19 Other Operating Income

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
	<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Nine Months Ended</u>	<u>Nine Months Ended</u>
	<u>30.09.2008</u>	<u>30.09.2007</u>	<u>30.09.2008</u>	<u>30.09.2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
a) Fee income :				
Commission	32,227	33,465	90,617	98,415
Service charges and fees	37,973	35,514	124,632	114,472
Guarantee fees	11,164	7,794	38,942	24,837
Commitment fees	11,802	10,930	34,731	32,564
Underwriting fees	79	96	159	644
Other fees	2,414	2,424	7,615	8,621
	<u>95,659</u>	<u>90,223</u>	<u>296,696</u>	<u>279,553</u>
b) Gain arising from sale/redemption of securities:				
Net gain/(loss) from sale of:				
- Securities held for trading	10,058	8,555	22,001	45,694
- Securities available-for-sale	(4,738)	163	(13,299)	2,633
Net gain from redemption of securities held-to-maturity	1,765	-	1,765	103
Derivatives	(52)	-	-	315
	<u>7,033</u>	<u>8,718</u>	<u>10,467</u>	<u>48,745</u>
c) Gain from disposal of an associate	-	-	2,069	-
	<u>-</u>	<u>-</u>	<u>2,069</u>	<u>-</u>
d) Gross dividend income from securities available-for-sale	4,175	3,463	8,843	4,719
	<u>4,175</u>	<u>3,463</u>	<u>8,843</u>	<u>4,719</u>
e) Unrealised gain/(loss) on revaluation of:				
Securities held for trading	(4,412)	(143)	(26,164)	(3,842)
Derivatives	6,450	(4,491)	(1,457)	2,932
	<u>2,038</u>	<u>(4,634)</u>	<u>(27,621)</u>	<u>(910)</u>
f) Other income :				
Foreign exchange gain/(loss)				
- Realised	83,276	56,099	187,051	204,209
- Unrealised	(15,621)	3,403	13,742	(39,580)
Gain on disposal of property, plant and equipment	3	119	10	482
Other operating income	11,555	9,871	32,799	27,710
Other non-operating income	1,610	1,841	12,724	7,148
	<u>80,823</u>	<u>71,333</u>	<u>246,326</u>	<u>199,969</u>
	<u>189,728</u>	<u>169,103</u>	<u>536,780</u>	<u>532,076</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

19 Other Operating Income (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008 RM'000	Preceding Corresponding Quarter Ended 30.09.2007 RM'000	Current Financial Nine Months Ended 30.09.2008 RM'000	Preceding Corresponding Nine Months Ended 30.09.2007 RM'000
<u>Bank</u>				
a) Fee income :				
Commission	31,454	33,079	88,518	96,479
Service charges and fees	35,845	34,934	116,858	112,639
Guarantee fees	11,164	7,794	38,942	24,837
Commitment fees	11,802	10,930	34,731	32,564
Underwriting fees	79	96	159	644
Other fees	2,517	2,532	7,951	8,883
	92,861	89,365	287,159	276,046
b) Gain arising from sale/redemption of securities:				
Net gain/(loss) from sale of:				
- Securities held for trading	10,058	8,555	22,001	52,596
- Securities available-for-sale	(4,738)	163	(13,299)	2,633
Net gain from redemption of securities held-to-maturity	-	-	-	103
	5,320	8,718	8,702	55,332
c) Gross dividend income from:				
Securities available-for-sale	4,175	3,463	8,843	4,719
Subsidiary companies	10,547	41,874	29,725	52,435
	14,722	45,337	38,568	57,154
d) Unrealised gain/(loss) on revaluation of:				
Securities held for trading	(3,173)	(228)	(23,019)	(1,314)
Derivatives	8,682	(2,103)	688	2,704
	5,509	(2,331)	(22,331)	1,390
e) Other income :				
Foreign exchange gain/(loss)				
- Realised	85,273	55,633	188,236	202,785
- Unrealised	(15,622)	3,403	13,742	(39,580)
Gain on disposal of property, plant and equipment	3	100	10	462
Other operating income	11,369	9,680	32,243	27,204
Other non-operating income	989	1,359	10,806	5,268
	82,012	70,175	245,037	196,139
	200,424	211,264	557,135	586,061

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

20 Income from Islamic Banking Business

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
<u>Group</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income derived from investment of depositors' funds	105,210	81,301	282,645	267,265
Income derived from investment of shareholders' funds	12,723	17,070	36,934	99,461
Transfer from/(to) profit equalisation reserve	363	(5,086)	5,631	(5,242)
Total distributable income	118,296	93,285	325,210	361,484
Income attributable to depositors	(44,644)	(38,845)	(124,712)	(122,784)
Income from Islamic Banking Business	73,652	54,440	200,498	238,700

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

21 Other Operating Expenses

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008 RM'000	Preceding Corresponding Quarter Ended 30.09.2007 RM'000	Current Financial Nine Months Ended 30.09.2008 RM'000	Preceding Corresponding Nine Months Ended 30.09.2007 RM'000
<u>Group</u>				
<u>Personnel cost</u>				
- Salaries, allowances and bonuses	142,489	125,910	435,780	373,647
- Contributions to Employees Provident Fund	21,071	19,151	63,719	55,087
- Other staff related cost	17,173	13,339	43,886	42,582
	180,733	158,400	543,385	471,316
<u>Establishment cost</u>				
- Property, plant and equipment				
- Depreciation	16,397	18,309	50,284	58,555
- Written off	1	-	6	-
- Amortisation of prepaid land lease	126	132	376	358
- Rental of premises	11,539	10,027	33,436	30,394
- Rental equipment	3,089	3,043	9,297	8,486
- Insurance	3,902	5,370	11,040	15,107
- Water and electricity	4,759	4,076	12,543	11,575
- Repair and maintenance	11,642	10,969	33,182	32,588
- Information technology expenses	22,154	22,496	66,528	65,264
- Others	352	635	1,341	1,643
	73,961	75,057	218,033	223,970
<u>Marketing expenses</u>				
- Sales commission	12,499	7,730	24,756	21,525
- Advertisement and publicity	5,989	9,753	18,274	24,302
- Dealers' handling and warranty fees	469	6,045	3,843	18,902
- Others	13,109	12,925	26,359	39,942
	32,066	36,453	73,232	104,671
<u>Administration and general expenses</u>				
- Communication expenses	18,563	18,694	48,706	48,747
- Others	18,048	18,222	51,069	48,346
	36,611	36,916	99,775	97,093
	323,371	306,826	934,425	897,050

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

21 Other Operating Expenses (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008 RM'000	Preceding Corresponding Quarter Ended 30.09.2007 RM'000	Current Financial Nine Months Ended 30.09.2008 RM'000	Preceding Corresponding Nine Months Ended 30.09.2007 RM'000
<u>Bank</u>				
<u>Personnel cost</u>				
- Salaries, allowances and bonuses	130,752	116,315	403,886	352,206
- Contributions to Employees Provident Fund	19,288	17,057	58,927	51,783
- Other staff related cost	15,001	12,736	40,134	39,809
	165,041	146,108	502,947	443,798
<u>Establishment cost</u>				
- Property, plant and equipment				
- Depreciation	15,763	17,834	48,431	57,240
- Written off	-	-	5	-
- Amortisation of prepaid land lease	80	80	242	242
- Rental of premises	11,141	9,830	32,510	29,937
- Rental equipment	2,997	2,962	9,079	8,287
- Insurance	4,073	4,927	10,767	13,978
- Water and electricity	4,388	3,769	11,595	10,819
- Repair and maintenance	10,636	10,667	30,595	31,765
- Information technology expenses	20,791	21,363	63,171	61,989
	69,869	71,432	206,395	214,257
<u>Marketing expenses</u>				
- Sales commission	12,441	7,714	24,595	21,497
- Advertisement and publicity	5,575	9,266	17,057	21,848
- Dealers' handling and warranty fees	163	6,044	3,110	18,900
- Others	11,980	11,955	28,141	32,358
	30,159	34,979	72,903	94,603
<u>Administration and general expenses</u>				
- Communication expenses	17,531	17,331	45,231	45,881
- Others	11,186	8,289	19,297	13,344
	28,717	25,620	64,528	59,225
	293,786	278,139	846,773	811,883

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

22 Allowance For Losses On Loans And Financing

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Allowance for losses on loans and financing :				
Specific allowance				
- Made during the financial period	196,771	207,093	632,965	838,984
- Written back	(60,009)	(74,617)	(163,947)	(285,641)
General allowance				
- Made during the financial period	55,448	11,231	94,990	32,723
Bad debts on loans and financing				
- Written off	-	67	-	67
- Recovered	(187,336)	(33,023)	(249,523)	(77,304)
Writeback on amount recovered from Danaharta during the financial period	-	-	-	(3,167)
	4,874	110,751	314,485	505,662

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Allowance for losses on loans and financing :				
Specific allowance				
- Made during the financial period	174,815	205,873	589,109	809,008
- Written back	(57,739)	(70,761)	(154,779)	(277,132)
General allowance				
- Made during the financial period	40,024	10,553	78,520	25,893
Bad debts on loans and financing				
- Recovered	(175,895)	(32,574)	(237,357)	(73,157)
Writeback on amount recovered from Danaharta during the financial period	-	-	-	(3,167)
	(18,795)	113,091	275,493	481,445

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

23 Allowance For Impairment Losses

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Charged for the financial period :				
- Securities available-for-sale	16,791	14,632	18,910	44,639
- Securities held-to-maturity	-	625	-	13,875
- Property, plant and equipment	-	-	188	-
Reversal for the financial period :				
- Securities available-for-sale	(489)	(9,851)	(3,594)	(22,653)
- Securities held-to-maturity	(1,494)	(5,528)	(12,233)	(15,815)
	14,808	(122)	3,271	20,046

	<u>Individual Quarter</u>		<u>Cumulative Nine Months</u>	
	Current Financial Quarter Ended 30.09.2008	Preceding Corresponding Quarter Ended 30.09.2007	Current Financial Nine Months Ended 30.09.2008	Preceding Corresponding Nine Months Ended 30.09.2007
	RM'000	RM'000	RM'000	RM'000
<u>Bank</u>				
Charged for the financial period :				
- Securities available-for-sale	16,791	14,632	18,910	44,639
- Securities held-to-maturity	-	625	-	13,875
Reversal for the financial period :				
- Securities available-for-sale	(489)	(9,851)	(3,594)	(22,653)
- Securities held-to-maturity	(1,494)	(5,528)	(12,233)	(15,815)
	14,808	(122)	3,083	20,046

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

24 Capital Adequacy

	Group		Bank	
	30.09.2008 RM'000	31.12.2007 RM'000	30.09.2008 RM'000	31.12.2007 RM'000
Tier I Capital				
Paid-up ordinary share capital	3,318,085	1,949,986	3,318,085	1,949,986
Paid-up INCPS	-	1,368,099	-	1,368,099
Share premium	8,563	8,563	8,563	8,563
Retained profits	818,532	640,223	614,576	477,564
Other reserves	2,073,238	1,992,299	1,975,133	1,894,070
	<u>6,218,418</u>	<u>5,959,170</u>	<u>5,916,357</u>	<u>5,698,282</u>
Less : Goodwill	(1,004,017)	(1,004,017)	(905,519)	(905,519)
Deferred tax assets	(298,468)	(247,835)	(255,911)	(207,222)
Total Tier I capital	<u>4,915,933</u>	<u>4,707,318</u>	<u>4,754,927</u>	<u>4,585,541</u>
Tier II Capital				
Subordinated obligations	2,000,000	2,495,000	2,000,000	2,495,000
General allowance for bad and doubtful debts and financing	1,081,966	984,181	975,043	893,728
Total computed Tier II capital before restriction	<u>3,081,966</u>	<u>3,479,181</u>	<u>2,975,043</u>	<u>3,388,728</u>
Maximum allowable subordinated obligations	2,000,000	2,353,659 #	2,000,000	2,292,771 #
Generated allowance for bad and doubtful debts and financing	1,081,966	984,181	975,043	893,728
Maximum allowable total Tier II capital	<u>3,081,966</u>	<u>3,337,840</u>	<u>2,975,043</u>	<u>3,186,499</u>
Less : Investment in subsidiaries	-	-	(628,640)	(628,640)
Holdings of other banking institutions' capital instruments	-	(38,625)	-	(38,625)
Total capital base	<u><u>7,997,899</u></u>	<u><u>8,006,533</u></u>	<u><u>7,101,330</u></u>	<u><u>7,104,775</u></u>
Capital ratios				
Before proposed dividends:				
Core capital ratio	7.3%	7.8%	7.8%	8.3%
Risk-weighted capital ratio	11.9%	13.4%	11.7%	12.8%
After proposed dividends:				
Core capital ratio	7.3%	7.8%	7.8%	8.3%
Risk-weighted capital ratio	<u>11.9%</u>	<u>13.4%</u>	<u>11.7%</u>	<u>12.8%</u>

The Bank figures include the operations of RHB Bank (L) Ltd.

Persuant to Bank Negara Malaysia's circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I Capital and deferred tax assets

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 1 capital.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

25 Commitments And Contingencies

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

Risk weighted exposure are as follows:

Group	← 30.09.2008 →			← 31.12.2007 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,196,842	2,196,842	1,926,416	1,723,675	1,723,675	1,525,233
Transaction-related contingent items	2,061,711	1,030,856	768,818	1,805,531	902,765	595,828
Short-term self-liquidating trade related contingencies	2,157,627	431,525	292,361	2,591,345	518,269	345,287
Obligations under underwriting agreements	427,240	213,620	213,620	427,240	213,620	213,620
Irrevocable commitments to extend credit:						
- maturity more than one year	4,776,499	2,388,250	2,175,225	3,768,029	1,884,015	1,692,804
- maturity less than one year	24,946,065	212,705	212,705	24,861,390	-	-
Foreign exchange related contracts:						
- less than one year	9,939,474	238,935	103,994	9,234,879	162,134	45,940
- one year to less than five years	9,332	1,185	427	8,970	1,153	412
- more than five years	1,376,300	230,714	81,042	925,960	161,555	66,503
Interest rate related contracts:						
- less than one year	996,748	2,814	712	1,457,590	4,923	1,135
- one year to less than five years	6,107,908	222,540	47,153	2,967,810	113,966	27,342
- more than five years	300,399	21,655	5,077	192,060	13,775	3,589
Miscellaneous	1,521,820	3,665	3,665	1,133,627	-	-
Total	56,817,965	7,195,306	5,831,215	51,098,106	5,699,850	4,517,693

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

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25 Commitments And Contingencies (cont'd)

Risk weighted exposures of the Bank are as follows:

Bank	← 30.09.2008 →			← 31.12.2007 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,920,880	1,920,880	1,650,454	1,449,613	1,449,613	1,251,171
Transaction-related contingent items	1,928,387	964,194	702,156	1,699,032	849,516	546,833
Short-term self-liquidating trade related contingencies	2,092,815	418,563	279,399	2,392,176	478,435	305,629
Obligations under underwriting agreements	213,240	106,620	106,620	213,240	106,620	106,620
Irrevocable commitments to extend credit:						
- maturity more than one year	4,089,587	2,044,794	1,837,530	3,007,788	1,503,894	1,327,835
- maturity less than one year	23,685,162	-	-	23,252,668	-	-
Foreign exchange related contracts:						
- less than one year	9,939,474	238,935	103,994	9,234,879	162,134	45,940
- one year to less than five years	9,332	1,185	427	8,970	1,153	412
- more than five years	1,376,300	230,714	81,042	925,960	161,555	66,503
Interest rate related contracts:						
- less than one year	893,083	2,555	582	1,457,590	4,923	1,135
- one year to less than five years	6,107,539	222,153	45,252	2,669,745	101,722	21,220
- more than five years	279,666	20,411	4,455	172,218	12,386	2,895
Miscellaneous	1,503,495	-	-	1,115,486	-	-
Total	54,038,960	6,171,004	4,811,911	47,599,365	4,831,951	3,676,193

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

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

The Bank has also given a guarantee to Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, the Bank has issued a guarantee to Bangkok branch to undertake any liabilities which may arise from Bank Guarantees issued by the branch for its customers. The guarantee is a continuing guarantee and is irrevocable and to remain in full force and effect until the obligations and liabilities of Bangkok branch for the said Bank Guarantees are discharged and satisfied.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

26 Off-Balance Sheet Financial Instruments

Value of contracts classified by remaining period to maturity/next re-pricing date (whichever earlier).

Group

Items	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contract							
- forwards	4,605,009	1,845,701	1,630,010	703,751	425,547	-	-
- swaps	4,131,285	2,523,001	910,144	593,565	104,575	-	-
- options	663,435	286,603	298,704	67,806	10,322	-	-
- spots	539,745	539,745	-	-	-	-	-
- cross currency interest rate swaps	1,385,632	-	-	-	-	9,332	1,376,300
Interest rate related contracts							
- swaps	7,405,055	91,577	244,398	240,000	528,083	6,107,709	193,288
Total	18,730,161	5,286,627	3,083,256	1,605,122	1,068,527	6,117,041	1,569,588

Bank

Items	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contract							
- forwards	4,605,009	1,845,701	1,630,010	703,751	425,547	-	-
- swaps	4,131,285	2,523,001	910,144	593,565	104,575	-	-
- options	663,435	286,603	298,704	67,806	10,322	-	-
- spots	539,745	539,745	-	-	-	-	-
- cross currency interest rate swaps	1,385,632	-	-	-	-	9,332	1,376,300
Interest rate related contracts							
- swaps	7,280,288	5,000	120,000	240,000	528,083	6,193,917	193,288
Total	18,605,394	5,200,050	2,958,858	1,605,122	1,068,527	6,203,249	1,569,588

The Group does not have any transaction in respect of equity and commodity related contracts.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

26 Off-Balance Sheet Financial Instruments (cont'd)

Foreign exchange and interest rate related contracts are subject to market and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on off-balance sheet positions. As at 30 September 2008, the amount of contracts which were not hedged and hence, exposed to market risk for the Group and the Bank were RM417,853,983 (31.12.2007: Group and Bank: RM379,622,858).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 September 2008, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, for the Group and the Bank were RM215,233,045 (31.12.2007: RM168,256,215) and RM215,233,045 (31.12.2007: RM164,957,960) respectively. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

Forward exchange related contracts

Unmatured forward exchange contracts are valued at forward rates as at the balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statements for the year. Positive fair value are carried as assets and negative fair value are carried as liabilities.

Interest rate related contracts

The Group and the Bank act as an intermediary with counter parties who wish to swap their interest obligations. The Group and the Bank also use interest rate swaps, futures and forward and option contracts in its trading account activities and in overall interest rate risk management.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

27 Interest/Profit Rate Risk

Group

30.09.2008

	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest/profit rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Assets									
Cash and short term funds	12,708,919	-	-	-	-	1,614,883	-	14,323,802	3.78
Securities purchased under resale agreements	64,475	-	-	-	-	-	-	64,475	2.52
Deposits and placements with banks and other financial institutions	-	1,582,227	69,110	-	-	-	-	1,651,337	3.61
Securities held for trading	-	-	-	-	-	-	2,569,418	2,569,418	3.97
Securities available-for-sale	33,187	97,605	143,685	2,495,040	836,143	172,461	-	3,778,121	4.68
Securities held-to-maturity	128,021	1,593,323	3,146,815	3,123,326	1,877,230	(152,524) #	-	9,716,191	4.06
Loans, advances & financing									
- performing	34,605,044	8,450,033	5,739,889	6,257,464	4,250,333	90	-	59,302,853	6.77
- non-performing	-	-	-	-	-	298,393 *	-	298,393	-
Other assets	-	-	-	-	-	361,545	-	361,545	-
Derivative assets	-	-	-	-	-	-	218,579	218,579	-
Tax recoverable	-	-	-	-	-	14,074	-	14,074	-
Deferred taxation assets	-	-	-	-	-	292,771	-	292,771	-
Statutory deposits	-	-	-	-	-	1,713,029	-	1,713,029	-
Property, plant and equipment	-	-	-	-	-	518,308	-	518,308	-
Prepaid land lease	-	-	-	-	-	102,592	-	102,592	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
Total assets	47,539,646	11,723,188	9,099,499	11,875,830	6,963,706	5,939,639	2,787,997	95,929,505	
Liabilities									
Deposits from customers	35,913,616	7,208,318	12,667,679	713,024	-	16,246,606	-	72,749,243	3.08
Deposits and placements of banks & other financial institutions	2,175,964	1,556,950	1,958,691	528,358	29,851	1,145	-	6,250,959	3.60
Bills and acceptances payable	1,612,116	2,096,034	849,219	-	-	320,508	-	4,877,877	3.73
Recourse obligation on loans sold to Cagamas Berhad	3,622	11,514	415,061	795,281	-	-	-	1,225,478	4.84
Other liabilities	-	-	-	-	-	1,191,157	-	1,191,157	-
Derivative liabilities	-	-	-	-	-	-	216,817	216,817	-
Provision for taxation	-	-	-	-	-	204,931	-	204,931	-
Deferred taxation liabilities	-	-	-	-	-	15	-	15	-
Long term borrowings	-	-	653,743	-	-	-	-	653,743	3.47
Subordinated obligations	-	-	-	1,300,000	700,000	-	-	2,000,000	5.18
Total liabilities	39,705,318	10,872,816	16,544,393	3,336,663	729,851	17,964,362	216,817	89,370,220	
Shareholders' equity	-	-	-	-	-	6,559,285	-	6,559,285	-
Total liabilities and shareholders' equity	39,705,318	10,872,816	16,544,393	3,336,663	729,851	24,523,647	216,817	95,929,505	
Total interest-sensitivity gap	7,834,328	850,372	(7,444,894)	8,539,167	6,233,855				

Consist of equity instruments less impairment loss.

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

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

27 Interest/Profit Rate Risk (cont'd)

Group

31.12.2007

	← Non-trading book →						Trading book RM'000	Total RM'000	Effective interest/profit rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Assets									
Cash and short term funds	16,282,899	-	-	-	-	961,686	-	17,244,585	3.55
Securities purchased under resale agreements	540,418	27,418	-	-	-	-	-	567,836	3.23
Deposits and placements with banks and other financial institutions	-	3,209,424	82,467	-	-	-	-	3,291,891	4.03
Securities held for trading	-	-	-	-	-	-	1,842,218	1,842,218	4.39
Securities available-for-sale	1,190,504	1,150,537	1,584,784	1,846,730	1,078,835	174,991	-	7,026,381	4.09
Securities held-to-maturity	156,192	209,471	813,011	4,212,111	1,508,078	(164,022) #	-	6,734,841	4.13
Loans, advances & financing									
- performing	31,865,603	6,287,921	4,978,156	7,121,171	2,603,422	106	-	52,856,379	6.86
- non-performing	-	-	-	-	-	846,728 *	-	846,728	-
Other assets	-	-	-	-	-	516,324	-	516,324	-
Derivative assets	-	-	-	-	-	-	105,401	105,401	-
Tax recoverable	-	-	-	-	-	2,572	-	2,572	-
Deferred taxation assets	-	-	-	-	-	247,852	-	247,852	-
Statutory deposits	-	-	-	-	-	1,604,379	-	1,604,379	-
Investment in an associate	-	-	-	-	-	4,963	-	4,963	-
Property, plant and equipment	-	-	-	-	-	488,545	-	488,545	-
Prepaid land lease	-	-	-	-	-	98,946	-	98,946	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
Total assets	50,035,616	10,884,771	7,458,418	13,180,012	5,190,335	5,787,087	1,947,619	94,483,858	
Liabilities									
Deposits from customers	35,752,597	8,533,871	11,905,749	407,575	-	16,103,687	-	72,703,479	3.56
Deposits and placements of banks & other financial institutions	3,473,360	1,127,333	369,211	622,957	62,587	1,228	-	5,656,676	4.36
Bills and acceptances payable	1,480,031	1,544,020	722,161	2,523	-	211,208	-	3,959,943	3.74
Recourse obligation on loans sold to Cagamas Berhad	-	90,974	429,085	1,334,814	-	-	-	1,854,873	4.65
Other liabilities	-	-	-	-	-	1,291,264	-	1,291,264	-
Derivative liabilities	-	-	-	-	-	-	117,820	117,820	-
Provision for taxation	-	-	-	-	-	98,146	-	98,146	-
Deferred taxation liabilities	-	-	-	-	-	17	-	17	-
Long term borrowings	330,700	-	-	-	-	-	-	330,700	5.96
Subordinated obligations	495,000	-	-	-	2,000,000	-	-	2,495,000	5.46
Total liabilities	41,531,688	11,296,198	13,426,206	2,367,869	2,062,587	17,705,550	117,820	88,507,918	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,607,841	-	4,607,841	-
Total liabilities, INCPS and shareholders' equity	41,531,688	11,296,198	13,426,206	3,735,968	2,062,587	22,313,391	117,820	94,483,858	
Total interest-sensitivity gap	8,503,928	(411,427)	(5,967,788)	9,444,044	3,127,748				

Consist of equity instruments less impairment loss.

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

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

27 Interest Rate Risk (cont'd)

Bank

30.09.2008

	←————— Non-trading book —————→								
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non- interest sensitive	Trading book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	11,935,074	-	-	-	-	1,307,660	-	13,242,734	3.79
Securities purchased under resale agreements	64,475	-	-	-	-	-	-	64,475	2.52
Deposits and placements with banks and other financial institutions	-	935,633	-	-	516,112	-	-	1,451,745	3.62
Securities held for trading	-	-	-	-	-	-	2,092,586	2,092,586	3.98
Securities available-for-sale	33,186	97,605	143,685	2,234,515	574,538	170,271	-	3,253,800	4.86
Securities held-to-maturity	128,021	1,420,370	2,798,386	2,748,346	1,572,553	(152,524) #	-	8,515,152	4.02
Loans, advances & financing									
- performing	33,514,613	6,918,026	4,449,244	5,527,947	1,195,285	-	-	51,605,115	6.87
- non-performing	-	-	-	-	-	253,550 *	-	253,550	-
Other assets	-	-	-	-	-	432,559	-	432,559	-
Derivative assets	-	-	-	-	-	-	218,204	218,204	-
Deferred taxation assets	-	-	-	-	-	250,477	-	250,477	-
Statutory deposits	-	-	-	-	-	1,498,889	-	1,498,889	-
Investment in subsidiaries	-	-	-	-	-	828,956	-	828,956	-
Property, plant and equipment	-	-	-	-	-	431,349	-	431,349	-
Prepaid land lease	-	-	-	-	-	21,021	-	21,021	-
Goodwill	-	-	-	-	-	905,519	-	905,519	-
Total assets	45,675,369	9,371,634	7,391,315	10,510,808	3,858,488	5,947,727	2,310,790	85,066,131	
Liabilities									
Deposits from customers	31,287,592	5,730,792	11,320,468	665,067	-	14,806,654	-	63,810,573	3.15
Deposits and placements of banks & other financial institutions	1,619,004	1,283,571	1,649,083	528,358	29,851	1,146	-	5,111,013	3.60
Bills and acceptances payable	1,612,115	2,096,034	843,957	-	-	313,454	-	4,865,560	3.73
Recourse obligation on loans sold to Cagamas Berhad	3,622	11,514	415,061	795,281	-	-	-	1,225,478	4.84
Other liabilities	-	-	-	-	-	933,906	-	933,906	-
Derivative liabilities	-	-	-	-	-	-	211,099	211,099	-
Provision for taxation	-	-	-	-	-	201,712	-	201,712	-
Long term borrowings	-	-	653,743	-	-	-	-	653,743	3.47
Subordinated obligations	-	-	-	1,300,000	700,000	-	-	2,000,000	5.18
Total liabilities	34,522,333	9,121,911	14,882,312	3,288,706	729,851	16,256,872	211,099	79,013,084	
Shareholders' equity	-	-	-	-	-	6,053,047	-	6,053,047	-
Total liabilities and shareholders' equity	34,522,333	9,121,911	14,882,312	3,288,706	729,851	22,309,919	211,099	85,066,131	
Total interest-sensitivity gap	11,153,036	249,723	(7,490,997)	7,222,102	3,128,637				

Consist of equity instruments less impairment loss.

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

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

27 Interest Rate Risk (cont'd)

Bank

31.12.2007

	←————— Non-trading book —————→								
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non- interest sensitive	Trading book	Total	Effective interest rate
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	14,349,888	-	-	-	-	959,933	-	15,309,821	3.55
Securities purchased under resale agreements	540,418	27,418	-	-	-	-	-	567,836	3.23
Deposits and placements with banks and other financial institutions	-	2,717,149	82,000	-	165,350	-	-	2,964,499	4.08
Securities held for trading	-	-	-	-	-	-	1,354,023	1,354,023	4.58
Securities available-for-sale	1,190,503	1,150,537	1,478,838	1,816,804	1,063,428	171,029	-	6,871,139	4.10
Securities held-to-maturity	156,192	182,023	511,410	3,747,301	1,389,513	(164,022) #	-	5,822,417	4.13
Loans, advances & financing									
- performing	31,223,772	4,850,338	3,941,948	5,788,700	855,873	-	-	46,660,631	6.97
- non-performing	-	-	-	-	-	809,892 *	-	809,892	-
Other assets	-	-	-	-	-	801,595	-	801,595	-
Derivative assets	-	-	-	-	-	-	102,102	102,102	-
Deferred taxation assets	-	-	-	-	-	207,222	-	207,222	-
Statutory deposits	-	-	-	-	-	1,416,350	-	1,416,350	-
Investment in subsidiaries	-	-	-	-	-	828,956	-	828,956	-
Property, plant and equipment	-	-	-	-	-	420,314	-	420,314	-
Prepaid land lease	-	-	-	-	-	21,263	-	21,263	-
Goodwill	-	-	-	-	-	905,519	-	905,519	-
Total assets	47,460,773	8,927,465	6,014,196	11,352,805	3,474,164	6,378,051	1,456,125	85,063,579	
Liabilities									
Deposits from customers	31,206,934	7,192,557	10,710,593	341,791	-	14,863,822	-	64,315,697	3.69
Deposits and placements of banks & other financial institutions	3,178,904	1,061,193	369,211	604,226	62,587	1,228	-	5,277,349	4.40
Bills and acceptances payable	1,480,031	1,544,020	715,276	2,523	-	207,991	-	3,949,841	3.74
Recourse obligation on loans sold to Cagamas Berhad	-	90,974	429,085	1,334,814	-	-	-	1,854,873	4.65
Other liabilities	-	-	-	-	-	1,082,183	-	1,082,183	-
Derivative liabilities	-	-	-	-	-	-	109,427	109,427	-
Provision for taxation	-	-	-	-	-	94,973	-	94,973	-
Long term borrowings	330,700	-	-	-	-	-	-	330,700	5.96
Subordinated obligations	495,000	-	-	-	2,000,000	-	-	2,495,000	5.46
Total liabilities	36,691,569	9,888,744	12,224,165	2,283,354	2,062,587	16,250,197	109,427	79,510,043	
INCPs	-	-	-	1,368,099	-	-	-	1,368,099	Effective dividend rate 10.00
Shareholders' equity	-	-	-	-	-	4,185,437	-	4,185,437	-
Total liabilities, INCPs and shareholders' equity	36,691,569	9,888,744	12,224,165	3,651,453	2,062,587	20,435,634	109,427	85,063,579	
Total interest-sensitivity gap	10,769,204	(961,279)	(6,209,969)	7,701,352	1,411,577				

Consist of equity instruments less impairment loss.

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

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

28 Segmental Reporting On Revenue And Profit

Group - 9 months ended 30.09.2008

	Wholesale Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	Islamic RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	1,397,427	1,434,218	1,061,390	200,498	18,205	-	4,111,738
Inter-segment revenue	2,195	-	15,280	1,392	3,159	(22,026)	-
Total revenue	1,399,622	1,434,218	1,076,670	201,890	21,364	(22,026)	4,111,738
Segment results	725,718	247,417	173,506	120,632	174,985	-	1,442,258
Subordinated obligations							(80,901)
Unallocated expenses							(185,908)
Profit from operations							1,175,449
Share of results of an associate							38
Profit before INCPS dividend and taxation							1,175,487
INCPS dividend							(32,146)
Taxation							(309,508)
Net profit for the financial period							833,833

Group - 9 months ended 30.09.2007

	Wholesale Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	Islamic RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	1,371,305	1,371,954	1,156,718	238,700	9,290	-	4,147,967
Inter-segment revenue	2,674	-	22,323	-	2,833	(27,830)	-
Total revenue	1,373,979	1,371,954	1,179,041	238,700	12,123	(27,830)	4,147,967
Segment results	472,304	184,959	162,660	176,753	139,995	-	1,136,671
Subordinated obligations							(67,135)
Unallocated expenses							(205,799)
Profit from operations							863,737
Share of results of an associate							160
Profit before INCPS dividend and taxation							863,897
INCPS dividend							(102,326)
Taxation							(192,546)
Net profit for the financial period							569,025

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

29 Valuation of Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited annual financial statements.

30 Events subsequent to Balance Sheet Date

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited interim financial statements.

31 Changes in the Composition of the Group

The significant changes in the composition of the Group for the nine months ended 30 September 2008 are summarised below:

(a) Disposal of the entire equity interest in CMS Trust Management Berhad ('CMS Trust') to CMS Capital Sdn Bhd ('CMS Capital')

On 10 March 2008, Utama Gilang Sdn Bhd, a wholly-owned subsidiary of the Bank had entered into a sale and purchase agreement with CMS Capital for the disposal of its entire equity interest in CMS Trust comprising of 3,315,000 ordinary shares of RM1.00 each in CMS Trust representing 49% of the total issued and paid-up share capital of CMS Trust for a total consideration of approximately RM7.069 million which was arrived at on a willing buyer-willing seller basis and is to be satisfied entirely by cash. The purchase consideration of RM7.069 million was received on 4 April 2008.

(b) Members' voluntary winding up of wholly-owned subsidiaries of the Bank

On 25 March 2008, the following wholly-owned subsidiaries of the Bank have commenced members' voluntary winding-up pursuant to Section 254 (1) of the Companies Act, 1965:

- (i) U.B. Nominees (Tempatan) Sdn Bhd ('UBNT')
- (ii) USB Nominees Sdn Bhd ('USBN')
- (iii) USB Nominees (Tempatan) Sdn Bhd ('USBNT')
- (iv) USB Nominees (Asing) Sdn Bhd ('USBNA')
- (v) INFB Jaya Sdn Bhd ('INFB')

UBNT, USBN, USBNT, USBNA and INFB are companies incorporated in Malaysia and are presently dormant.

The winding-up of UBNT, USBN, USBNT, USBNA and INFB will not have any material effect on the Group's performance for the financial period ended 30 September 2008.

32 Changes in Profit for the Quarter

The Group recorded 34.2% higher profit before INCPs dividends and taxation of RM492.3 million for the current quarter as compared to the preceeding quarter ended 30 June 2008 of RM366.7 million. The increase was mainly due to lower allowance for losses on loans and financing and higher other operating income, partly offset by higher other operating expenses and allowance for impairment losses.

33 Performance Review

For the 9 months to 30 September 2008, the Group recorded a 36.1% higher profit before INCPs dividends and taxation of RM1,175.5 million as compared to the corresponding period of ended 30 September 2007 of RM863.9 million. The increase was mainly as a result of lower allowance for losses on loans and financing.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008 (cont'd)

34 Prospects for the Current Financial Year

We expect that the last quarter of the year will be challenging given the deepening financial crisis and weakening global economy. The Group however is better positioned to navigate the tougher conditions given the improved financial and operating platforms resulting from the Group's Transformation Program implemented over the past 1 year.

Against this backdrop, the Group is optimistic that its performance for the whole of 2008 should be better than 2007.

35 Proposed Dividends

No further interim dividend is proposed in respect of current financial period ended 30 September 2008 other than the interim dividend of 7.57% less tax in respect of six months period ended 30 June 2008.