



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF UNAUDITED RESULTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2008**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the unaudited results of the Group and Company for the six months ended 30 June 2008 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Note	2nd quarter ended		Six months ended	
		30 June 2008	30 June 2007	30 June 2008	30 June 2007
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,214,825	1,241,847	2,418,502	2,449,641
Interest expense	A9	(654,901)	(709,381)	(1,328,291)	(1,415,125)
Net interest income		559,924	532,466	1,090,211	1,034,516
Other operating income	A10	213,232	260,544	456,575	506,102
		773,156	793,010	1,546,786	1,540,618
Income from Islamic Banking business		70,707	128,281	126,700	184,103
		843,863	921,291	1,673,486	1,724,721
Other operating expenses	A11	(340,958)	(341,520)	(708,118)	(683,862)
Operating profit before allowances		502,905	579,771	965,368	1,040,859
Allowance for losses on loans and financing	A12	(153,556)	(248,629)	(305,670)	(404,867)
Impairment written back/(loss)		12,532	(16,187)	11,537	(20,348)
		361,881	314,955	671,235	615,644
Share of results of associates		5	22	528	68
Profit before Irredeemable					
Non-cumulative Convertible					
Preference Shares ('INCPS')					
dividends and taxation					
INCPS dividends	A13	-	(27,536)	-	(54,770)
Profit after INCPS dividends and					
before taxation					
Taxation	B5	(90,010)	(72,024)	(177,298)	(145,331)
Profit for the financial period					
		271,876	215,417	494,465	415,611
Attributable to:					
- Equity holders of the Company		271,069	162,198	493,491	308,521
- Minority interests		807	53,219	974	107,090
		271,876	215,417	494,465	415,611
Earnings per share					
- Basic (sen)	B13	12.6	8.9	22.9	16.9
- Fully diluted (sen)		n/a	n/a	n/a	n/a

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Note	2nd quarter ended		Six months ended	
		30 June 2008	30 June 2007	30 June 2008	30 June 2007
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	231	21,693	1,159	43,373
Interest expense	A9	(36,708)	(21,157)	(70,229)	(43,319)
Net interest (expense)/income		<u>(36,477)</u>	<u>536</u>	<u>(69,070)</u>	<u>54</u>
Other operating income	A10	43,998	194,487	44,540	195,242
Net income/(expense)		<u>7,521</u>	<u>195,023</u>	<u>(24,530)</u>	<u>195,296</u>
Other operating expenses	A11	(8,542)	(6,207)	(15,282)	(10,513)
(Loss)/profit before taxation		<u>(1,021)</u>	<u>188,816</u>	<u>(39,812)</u>	<u>184,783</u>
Taxation	B5	(165)	(50,134)	(165)	(50,134)
(Loss)/profit for the financial period		<u><u>(1,186)</u></u>	<u><u>138,682</u></u>	<u><u>(39,977)</u></u>	<u><u>134,649</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Note	As at <u>30 June 2008</u> RM'000	As at <u>31 Dec 2007</u> RM'000
Group			
ASSETS			
Cash and short term funds		16,968,321	19,048,148
Securities purchased under resale agreements		1,958,084	567,836
Deposits and placements with banks and other financial institutions		1,875,153	3,365,740
Securities held-for-trading	A14	4,758,236	5,761,145
Securities available-for-sale ('Securities AFS')	A15	5,530,176	7,674,258
Securities held-to-maturity	A16	8,517,078	7,041,480
Loans, advances and financing	A17	56,851,312	54,554,651
Clients' and brokers' balances		261,522	246,870
Other assets	A18	607,435	649,267
Derivative assets		232,249	109,157
Statutory deposits		1,730,128	1,673,865
Tax recoverable		85,002	52,887
Deferred tax assets		317,347	249,119
Investments in associates		11,241	15,533
Prepaid land lease		103,032	99,594
Property, plant and equipment		762,578	760,791
Goodwill		3,786,169	3,283,953
Total assets		<u>104,355,063</u>	<u>105,154,294</u>
LIABILITIES AND EQUITY			
Deposits from customers	A19/B9(a)	75,050,616	75,793,231
Deposits and placements of banks and other financial institutions	A20/B9(a)	8,160,745	8,670,331
Bills and acceptances payable		4,443,963	3,959,943
Clients' and brokers' balances		389,184	368,436
Other liabilities	A21	1,460,063	1,606,923
Derivative liabilities		196,718	129,242
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,637,455	1,854,873
Taxation		144,402	101,626
Deferred tax liabilities		393	593
Borrowings	B9(b)	3,380,535	1,925,677
Subordinated obligations	B9(c)	2,240,000	2,665,000
INCPS		-	1,004,431
Total liabilities		<u>97,104,074</u>	<u>98,080,306</u>
Share capital		2,153,475	2,153,475
Reserves		5,071,163	4,894,885
		<u>7,224,638</u>	<u>7,048,360</u>
Minority interests		26,351	25,628
Total equity		<u>7,250,989</u>	<u>7,073,988</u>
Total liabilities and equity		<u>104,355,063</u>	<u>105,154,294</u>
Commitments and contingencies	A26(a)	<u>62,389,077</u>	<u>56,608,914</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>3.35</u>	<u>3.27</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED BALANCE SHEET AS AT 30 JUNE 2008

	Note	As at 30 June 2008 RM'000	As at 31 Dec 2007 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		1,122	476,455
Deposits and placements with banks and other financial institutions		1,236	1,211
Other assets	A18	33,859	32,903
Amounts due from subsidiaries/related companies		9,466	9,677
Tax recoverable		39,627	28,297
Investments in subsidiaries		8,782,557	7,350,910
Property, plant and equipment		448	673
Total assets		8,868,315	7,900,126
LIABILITIES AND EQUITY			
Other liabilities	A21	34,783	37,727
Amounts due to subsidiaries/related companies		154,652	155,329
Deferred tax liabilities		16	16
Borrowings	B9(b)	2,743,811	1,594,977
Total liabilities		2,933,262	1,788,049
Share capital		2,153,475	2,153,475
Reserves		3,781,578	3,958,602
Total equity		5,935,053	6,112,077
Total liabilities and equity		8,868,315	7,900,126

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Group										
Balance as at 1 January 2008	2,153,475	2,352,093	1,668,014	8,563	24,257	(10,149)	852,107	7,048,360	25,628	7,073,988
Currency translation differences	-	-	-	-	-	(32,975)	-	(32,975)	-	(32,975)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	(200,915)	-	-	(200,915)	(328)	(201,243)
Net transfer to income statement on disposal or impairment	-	-	-	-	24	-	-	24	(12)	12
Deferred tax	-	-	-	-	53,700	-	-	53,700	89	53,789
Income and expenses recognised directly in equity	-	-	-	-	(147,191)	(32,975)	-	(180,166)	(251)	(180,417)
Profit for the financial period	-	-	-	-	-	-	493,491	493,491	974	494,465
Total income and expenses recognised for the financial period	-	-	-	-	(147,191)	(32,975)	493,491	313,325	723	314,048
Transfer in respect of statutory requirements	-	-	107,504	-	-	-	(107,504)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(137,047)	(137,047)	-	(137,047)
Balance as at 30 June 2008	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,775,518</u>	<u>8,563</u>	<u>(122,934)</u>	<u>(43,124)</u>	<u>1,101,047</u>	<u>7,224,638</u>	<u>26,351</u>	<u>7,250,989</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company								Minority interests RM'000	Total equity RM'000	
	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			
Group											
Balance as at 1 January 2007	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	-	-	-	-	-	-	(5,445)	-	(5,445)	(2,051)	(7,496)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(10,158)	-	-	(10,158)	(2,593)	(12,751)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	6,340	-	-	6,340	3,985	10,325
Deferred tax	-	-	-	-	-	1,703	-	-	1,703	(268)	1,435
Income and expenses recognised directly in equity	-	-	-	-	-	(2,115)	(5,445)	-	(7,560)	(927)	(8,487)
Profit for the financial period	-	-	-	-	-	-	-	308,521	308,521	107,090	415,611
Total income and expenses recognised for the financial period	-	-	-	-	-	(2,115)	(5,445)	308,521	300,961	106,163	407,124
Transfer in respect of statutory requirements	-	-	45,595	-	-	-	-	(45,595)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(79,868)	(79,868)	-	(79,868)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(44,632)	(44,632)
Balance as at 30 June 2007	<u>1,823,475</u>	<u>1,114,593</u>	<u>1,489,392</u>	<u>6,431</u>	<u>8,563</u>	<u>27,475</u>	<u>(12,013)</u>	<u>691,216</u>	<u>5,149,132</u>	<u>1,185,214</u>	<u>6,334,346</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<u>Company</u>				
Balance as at 1 January 2008	2,153,475	2,352,093	1,606,509	6,112,077
Loss for the financial period	-	-	(39,977)	(39,977)
Ordinary dividends	-	-	(137,047)	(137,047)
Balance as at 30 June 2008	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,429,485</u>	<u>5,935,053</u>
Balance as at 1 January 2007	1,823,475	1,114,593	830,184	3,768,252
Profit for the financial period	-	-	134,649	134,649
Ordinary dividends	-	-	(79,868)	(79,868)
Balance as at 30 June 2007	<u>1,823,475</u>	<u>1,114,593</u>	<u>884,965</u>	<u>3,823,033</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	6 months ended 30 June 2008	6 months ended 30 June 2007
	RM'000	RM'000
Group		
Operating activities		
Profit before INCPS dividends and taxation	671,763	615,712
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>104,249</u>	<u>158,812</u>
Operating profit before working capital changes	776,012	774,524
Net changes in operating assets	(1,688,431)	(234,010)
Net changes in operating liabilities	<u>(1,111,980)</u>	<u>3,031,537</u>
Cash (used in)/generated from operations	(2,024,399)	3,572,051
Taxation paid	(186,368)	(130,224)
Taxation recovered	5,930	40,763
Net cash (used in)/generated from operating activities	<u>(2,204,837)</u>	<u>3,482,590</u>
Investing activities		
Increase in investment in subsidiaries	(1,506,647)	(20)
Purchase of property, plant and equipment	(41,769)	(42,842)
Net sale of securities	499,765	898,565
Interest received from securities	250,447	340,148
Proceeds from disposal of associate company	7,069	-
Dividend income received from securities	4,554	1,787
Proceeds from disposal of property, plant and equipment	8	3,015
Net cash (used in)/generated from investing activities	<u>(786,573)</u>	<u>1,200,653</u>
Financing activities		
Drawdown of borrowings	1,530,225	167,310
Proceeds from redemption of INCPS	70,000	-
Repayment of subordinated obligations	(479,100)	-
Dividends paid to equity holders of the Company	(137,047)	(79,868)
Repayment of borrowings	(72,500)	(121,200)
Payment to hire-purchase creditors	(185)	(176)
INCPS dividends paid	-	(40,203)
Dividends paid to minorities	-	(44,632)
Net cash generated from/(used in) financing activities	<u>911,393</u>	<u>(118,769)</u>
Net (decrease)/increase in cash and cash equivalents	(2,080,017)	4,564,474
Cash and cash equivalents		
- at the beginning of the financial period	<u>19,048,118</u>	<u>10,671,553</u>
- at the end of the financial period	<u>16,968,101</u>	<u>15,236,027</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	16,968,321	15,238,672
Overdrafts	(220)	(2,645)
	<u>16,968,101</u>	<u>15,236,027</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	6 months ended 30 June 2008	6 months ended 30 June 2007
	RM'000	RM'000
Company		
Operating activities		
(Loss)/profit before taxation	(39,812)	184,783
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>25,424</u>	<u>(194,429)</u>
Operating loss before working capital changes	(14,388)	(9,646)
Net changes in operating assets	(816)	(765)
Net changes in operating liabilities	<u>(3,758)</u>	<u>(1,859)</u>
Net cash used in operating activities	<u>(18,962)</u>	<u>(12,270)</u>
Investing activities		
Increase in investment in subsidiaries	(1,431,647)	-
Purchase of property, plant and equipment	(119)	(18)
Dividend income received from subsidiaries	32,271	141,672
Interest income received	1,204	140
Proceeds from disposal of subsidiary	-	152
Proceeds from disposal of property, plant and equipment	-	5
Net cash (used in)/generated from investing activities	<u>(1,398,291)</u>	<u>141,951</u>
Financing activities		
Drawdown of borrowings	1,203,700	98,300
Dividends paid to shareholders	(137,047)	(79,868)
Interest expense paid	(68,238)	(42,397)
Repayment of borrowings	(56,500)	(121,200)
Payment to hire-purchase creditors	(185)	(176)
Net cash generated from/(used in) financing activities	<u>941,730</u>	<u>(145,341)</u>
Net decrease in cash and cash equivalents	(475,523)	(15,660)
Cash and cash equivalents		
- at the beginning of the financial period	<u>476,425</u>	<u>13,398</u>
- at the end of the financial period	<u>902</u>	<u>(2,262)</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	1,122	383
Overdrafts	<u>(220)</u>	<u>(2,645)</u>
	<u>902</u>	<u>(2,262)</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

A1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in compliance with the Financial Reporting Standards ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2007.

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

A2. Audit Report

The audit report for the financial year ended 31 December 2007 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 six months ended 30 June 2008.

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 period.

A6. Changes in Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review except for the conversion of RHB Bank Berhad's ('RHB Bank') 1,368,099,145 INCPS of RM1.00 each into 2,736,198,290 new ordinary shares of RM0.50 each of RHB Bank by the Company on 27 March 2008. The exercise was financed by a drawdown of RM1,053.0 million bridging loan.

A7. Dividends Paid

During the six months ended 30 June 2008, the Company has paid a final dividend of 8.6% less 26% income tax amounting to RM137,047,000 in respect of the financial year ended 31 December 2007 on 18 June 2008.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing				
- interest income other than recoveries from non-performing loans, advances and financing ('NPLs')	764,087	762,464	1,530,726	1,504,411
- recoveries from NPLs	67,889	51,757	109,709	98,186
Money at call, deposits and placements with financial institutions	211,114	163,245	432,002	321,211
Securities purchased under resale agreements	18,193	35,915	40,748	66,896
Securities held-for-trading	43,427	43,203	89,290	92,445
Securities AFS	57,478	120,206	117,398	205,629
Securities held-to-maturity	63,017	69,680	119,556	165,249
Others	4,554	22,820	8,711	46,004
	<u>1,229,759</u>	<u>1,269,290</u>	<u>2,448,140</u>	<u>2,500,031</u>
Amortisation of premium less accretion of discount	3,483	(866)	9,184	2
Interest suspended	(18,417)	(26,577)	(38,822)	(50,392)
	<u>1,214,825</u>	<u>1,241,847</u>	<u>2,418,502</u>	<u>2,449,641</u>
<u>Company</u>				
Money at call, deposits and placements with financial institutions	231	112	1,159	133
Others	-	21,581	-	43,240
	<u>231</u>	<u>21,693</u>	<u>1,159</u>	<u>43,373</u>
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	64,905	133,594	140,877	258,954
Deposits from customers	494,026	450,610	994,127	893,622
Obligations on securities sold under repurchase agreements	-	35,003	-	79,273
Borrowings	36,386	20,962	69,637	42,905
Subordinated obligations	28,862	25,683	60,448	51,315
Recourse obligation on loans sold to Cagamas	19,501	29,404	40,351	60,570
Others	11,221	14,125	22,851	28,486
	<u>654,901</u>	<u>709,381</u>	<u>1,328,291</u>	<u>1,415,125</u>
<u>Company</u>				
Borrowings	36,386	20,880	69,637	42,821
Others	322	277	592	498
	<u>36,708</u>	<u>21,157</u>	<u>70,229</u>	<u>43,319</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
A10. Other Operating Income				
<u>Group</u>				
Fee income				
- Service charges and fees	46,100	38,498	87,482	82,804
- Commission	29,100	33,364	56,113	63,451
- Guarantee fees	17,977	10,719	28,794	18,568
- Brokerage	16,958	28,629	41,013	64,445
- Commitment fees	11,416	10,385	22,972	21,600
- Underwriting and arrangement fees	7,023	5,529	17,343	9,853
- Fund management fees	6,722	6,139	10,985	7,838
- Corporate advisory fees	3,431	5,564	7,141	8,524
- Unit trust fee income	1,979	8,990	3,276	23,102
- Other fee income	4,769	3,338	8,443	12,469
	<u>145,475</u>	<u>151,155</u>	<u>283,562</u>	<u>312,654</u>
Net gain/(loss) arising from sale/ redemption of securities and derivatives				
- Net (loss)/gain from sale of				
- securities held-for-trading	2,400	48,921	23,453	68,880
- securities AFS	(6,948)	2,328	(1,275)	5,688
- Net (loss)/gain from redemption of				
- securities held-to-maturity	1,225	77	1,998	103
- Derivatives	(512)	421	(983)	194
	<u>(3,835)</u>	<u>51,747</u>	<u>23,193</u>	<u>74,865</u>
Unrealised loss on revaluation of securities and derivatives				
- Securities held-for-trading	(72,514)	(24,325)	(80,944)	(32,294)
- Derivatives	37,900	5,096	29,358	4,499
	<u>(34,614)</u>	<u>(19,229)</u>	<u>(51,586)</u>	<u>(27,795)</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
<u>Group (continued)</u>				
Gross dividend income from				
- Securities held-for-trading	642	840	1,363	1,192
- Securities AFS	3,463	1,254	4,765	1,256
	4,105	2,094	6,128	2,448
Other income				
- Foreign exchange gain/(loss)				
- realised	33,850	67,843	103,808	146,554
- unrealised	36,389	(10,693)	27,795	(42,433)
- Underwriting surplus before management expenses	9,974	5,722	21,531	12,996
- Gain on disposal of an associate	2,248	-	2,248	69
- Rental income	913	870	1,769	1,659
- Net gain on disposal of property, plant and equipment	4	163	7	507
- Other operating income	17,204	7,640	28,342	19,383
- Other non-operating income	1,519	3,232	9,778	5,195
	102,101	74,777	195,278	143,930
	213,232	260,544	456,575	506,102
<u>Company</u>				
Gross dividend income from				
- Subsidiaries	43,766	194,071	43,766	194,071
Other income				
- Foreign exchange (loss)/gain				
- unrealised	(38)	145	224	629
- Net gain on disposal of property, plant and equipment	-	1	-	2
- Other operating income	270	270	550	540
	232	416	774	1,171
	43,998	194,487	44,540	195,242



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	166,961	144,083	342,792	288,059
- Defined contribution plan	24,787	21,085	50,047	41,500
- Other staff related costs	13,687	17,756	27,981	34,230
	<u>205,435</u>	<u>182,924</u>	<u>420,820</u>	<u>363,789</u>
Establishment costs				
- Information technology expenses	23,697	22,557	46,579	45,336
- Depreciation	20,592	22,178	41,540	47,964
- Repair and maintenance	12,466	11,298	23,438	22,708
- Rental of premises	8,672	7,960	17,017	15,731
- Water and electricity	4,081	3,956	7,954	7,637
- Rental of equipment	3,134	2,822	6,234	5,475
- Insurance	632	3,031	3,191	5,553
- Amortisation of prepaid land lease	129	133	254	231
- Others	1,848	2,425	4,075	4,763
	<u>75,251</u>	<u>76,360</u>	<u>150,282</u>	<u>155,398</u>
Marketing expenses				
- Advertisements and publicity	5,619	10,036	13,649	16,516
- Sales commission	6,876	9,153	13,564	24,908
- Dealers' handling fee	(2,972)	4,928	2,836	10,083
- Others	6,284	16,979	25,608	34,425
	<u>15,807</u>	<u>41,096</u>	<u>55,657</u>	<u>85,932</u>
Administration and general expenses				
- Communication expenses	17,917	17,443	34,420	34,067
- Legal and professional fee	1,880	4,443	5,781	8,341
- Others	24,668	19,254	41,158	36,335
	<u>44,465</u>	<u>41,140</u>	<u>81,359</u>	<u>78,743</u>
	<u>340,958</u>	<u>341,520</u>	<u>708,118</u>	<u>683,862</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	2,301	1,969	5,066	4,107
- Defined contribution plan	277	232	609	489
- Other staff related costs	231	252	618	699
	2,809	2,453	6,293	5,295
Establishment costs				
- Rental of premises	305	365	615	711
- Depreciation	176	165	344	329
- Repair and maintenance	108	146	195	226
- Rental of equipment	15	10	25	19
- Water and electricity	12	9	26	19
- Information technology expenses	3	4	6	20
- Insurance	-	1	-	1
	619	700	1,211	1,325
Marketing expenses				
- Advertisements and publicity	56	584	190	622
- Others	4,889	130	5,321	338
	4,945	714	5,511	960
Administration and general expenses				
- Communication expenses	65	67	138	166
- Legal and professional fee	33	2,191	1,992	2,620
- Others	71	82	137	147
	169	2,340	2,267	2,933
	8,542	6,207	15,282	10,513



RHB CAPITAL BERHAD (312952 – H)
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FOR THE SIX MONTHS ENDED 30 JUNE 2008

	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Losses on Loans and Financing				
<u>Group</u>				
Allowance for bad and doubtful debts				
- specific allowance made	217,184	338,261	436,213	644,947
- specific allowance written back	(52,923)	(77,261)	(104,663)	(217,050)
- specific allowance (net)	164,261	261,000	331,550	427,897
- general allowance (net)	16,854	15,478	35,472	24,013
Bad debts written off	-	14	-	408
Bad debts recovered	(26,416)	(24,696)	(62,524)	(44,284)
Write back on amount recoverable from Danaharta	-	(3,167)	-	(3,167)
Specific allowance for other debtors	(1,143)	-	1,172	-
	153,556	248,629	305,670	404,867
A13. INCPS Dividends				
<u>Group</u>				
INCPS dividends paid and payable				
- 10% per annum (gross)	-	27,536	-	54,770



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Group	
	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A14. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government investment issues	501,502	247,825
Malaysian government securities	86,121	200,497
Khazanah bonds	43,042	202,813
Cagamas bonds	4,405	19,272
Singapore government stocks	-	103,306
Unquoted		
Private debt securities	2,065,749	2,079,537
Bankers' acceptances and Islamic accepted bills	848,722	800,263
Negotiable instrument of deposits	501,884	1,278,675
Fixed rate notes	216,253	221,421
Bank Negara Malaysia ('BNM') bills/notes	203,929	396,106
Structured notes	91,635	-
Malaysian government treasury bills	19,232	19,657
	<u>4,582,474</u>	<u>5,569,372</u>
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	47,153	56,553
Unit trust	1,665	2,335
Outside Malaysia		
Other government securities	102,419	105,256
Bonds	19,389	20,048
Shares	5,136	7,581
	<u>4,758,236</u>	<u>5,761,145</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Group	
	As at 30 June 2008	As at 31 Dec 2007
	RM'000	RM'000
A15. Securities Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Cagamas bonds and Cagamas Mudharabah bonds	265,858	410,370
Singapore government securities	262,267	81,010
Malaysian government securities	149,897	195,929
Private debt securities	137,532	137,548
Malaysian government investment issues	70,083	18,257
Khazanah bonds	9,915	9,738
Unquoted		
Private debt securities	3,055,021	2,722,245
BNM notes	596,981	1,618,338
Singapore government treasury bills	168,035	285,910
Structured notes	159,885	154,440
Negotiable instrument of deposits	109,084	1,262,834
Bankers' acceptances and Islamic accepted bills	29,276	34,044
Malaysian government treasury bills	-	196,667
	5,013,834	7,127,330
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	28,939	75,981
Malaysian government securities	23,784	24,043
Shares	7,156	9,957
Warrants	790	-
Outside Malaysia		
Floating rate notes	154	156
Shares	7	11
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Shares	167,974	167,979
Private debt securities	146,362	149,853
Corporate loan stocks	101,647	105,077
Outside Malaysia		
Private debt securities	36,599	11,556
Corporate loan stocks	2,283	2,315
Trading right	647	-
	5,530,176	7,674,258



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group	
	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A16. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government securities	1,327,435	1,364,197
Cagamas bonds and Cagamas Mudharabah bonds	793,285	819,407
Khazanah bonds	447,678	570,490
Malaysian government investment issues	37,218	82,774
Unquoted		
Prasarana bonds	1,976,966	1,978,309
Negotiable instrument of deposits	1,182,551	774,095
Private debt securities	1,176,076	846,826
BNM notes	698,289	-
Structured notes	399,505	100,000
Other government securities	220,949	247,568
	<u>8,259,952</u>	<u>6,783,666</u>
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	344,475	347,166
Corporate loan stocks	78,503	87,316
Bonds	27,201	27,201
Shares	2,700	2,700
Outside Malaysia		
Floating rate notes	36,917	37,370
	<u>8,749,748</u>	<u>7,285,419</u>
Accumulated impairment loss	(232,670)	(243,939)
	<u>8,517,078</u>	<u>7,041,480</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group	
	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A17. Loans, Advances and Financing		
Overdrafts	6,348,258	6,259,416
Term loans/financing		
- housing loans/financing	12,766,876	12,608,753
- syndicated term loans/financing	2,427,195	2,128,744
- hire-purchase receivables	10,329,581	9,856,706
- lease receivables	257,160	264,807
- other term loans/financing	13,446,921	12,689,939
Bills receivable	2,416,253	2,282,049
Trust receipts	501,396	465,381
Claims on customers under acceptance credits	5,318,475	5,044,613
Staff loans/financing	379,987	391,729
Credit/charge cards receivables	1,803,489	1,630,493
Revolving credits	4,801,750	4,645,240
	<u>60,797,341</u>	<u>58,267,870</u>
Unearned interest and income	(1,492,376)	(1,453,768)
Gross loans, advances and financing	<u>59,304,965</u>	<u>56,814,102</u>
Allowance for bad and doubtful debts and financing		
- general	(1,035,284)	(999,186)
- specific	(1,418,369)	(1,260,265)
Net loans, advances and financing	<u><u>56,851,312</u></u>	<u><u>54,554,651</u></u>
(a) By type of customers		
Domestic non-bank financial institutions		
- stockbroking companies	362	231
- others	679,053	717,257
Domestic business enterprises		
- small medium enterprises	9,166,549	8,991,279
- others	22,776,052	21,605,192
Government and statutory bodies	159,377	224,665
Individuals	25,443,021	24,543,987
Other domestic entities	106,720	89,503
Foreign entities	973,831	641,988
	<u><u>59,304,965</u></u>	<u><u>56,814,102</u></u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Group	
	As at <u>30 June 2008</u> RM'000	As at <u>31 Dec 2007</u> RM'000
A17. Loans, Advances and Financing (continued)		
(b) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,707,836	1,731,614
- hire-purchase receivables	8,862,701	8,430,436
- other fixed rate loans/financing	3,565,174	3,498,681
Variable rate		
- base lending rate plus	21,131,795	20,339,184
- cost-plus	18,499,598	17,337,990
- other variable rates	5,537,861	5,476,197
	<u>59,304,965</u>	<u>56,814,102</u>
(c) By purpose		
Purchase of securities	2,051,586	2,268,943
Purchase of transport vehicles	6,945,567	6,567,105
Purchase of landed property:		
- residential	13,323,605	13,152,861
- non-residential	2,549,391	2,215,150
Purchase of property, plant and equipment other than land and building	3,701,758	2,773,449
Personal use	1,984,142	2,152,457
Credit card	1,803,489	1,630,493
Purchase of consumer durables	83,037	92,947
Construction	2,012,650	1,633,169
Working capital	23,320,114	21,904,612
Other purpose	1,529,626	2,422,916
	<u>59,304,965</u>	<u>56,814,102</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group	
	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(d) NPLs by purpose		
Purchase of securities	54,535	55,513
Purchase of transport vehicles	254,945	270,881
Purchase of landed property:		
- residential	1,027,655	1,057,187
- non-residential	139,470	153,936
Purchase of property, plant and equipment other than land and building	86,039	68,441
Personal use	114,935	125,543
Credit card	48,083	44,725
Purchase of consumer durables	5,947	6,605
Construction	137,086	126,788
Working capital	1,132,451	1,234,212
Other purpose	7,906	21,462
	<u>3,009,052</u>	<u>3,165,293</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group	
	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	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 period/year	3,165,293	4,277,037
Classified as non-performing during the financial period/year	1,591,116	3,467,477
Amount recovered	(290,373)	(1,015,758)
Reclassified as performing during the financial period/year	(1,281,113)	(2,430,980)
Amount written off	(177,701)	(1,115,789)
Loans/financing converted to securities	-	(15,586)
Exchange difference	1,830	(1,108)
Balance as at the end of the financial period/year	<u>3,009,052</u>	<u>3,165,293</u>
Specific allowance	<u>(1,418,369)</u>	<u>(1,260,265)</u>
Net NPLs	<u>1,590,683</u>	<u>1,905,028</u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u>2.75%</u>	<u>3.43%</u>
(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:		
<u>General allowance</u>		
Balance as at the beginning of the financial period/year	999,186	976,214
Net allowance made during the financial period/year	35,472	24,567
Exchange difference	626	(1,595)
Balance as at the end of the financial period/year	<u>1,035,284</u>	<u>999,186</u>
As % of gross loans, advances and financing less specific allowance	<u>1.79%</u>	<u>1.79%</u>
<u>Specific allowance</u>		
Balance as at the beginning of the financial period/year	1,260,265	1,755,408
Allowance made during the financial period/year	436,213	1,061,428
Transferred to accumulated impairment loss in value of securities	-	(11,128)
Amount recovered	(104,663)	(409,575)
Amount written off	(173,313)	(1,135,450)
Exchange difference	(133)	(418)
Balance as at the end of the financial period/year	<u>1,418,369</u>	<u>1,260,265</u>



RHB CAPITAL BERHAD (312952 – H)
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FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group		Company	
	As at	As at	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000	RM'000	RM'000
A18. Other Assets				
Other debtors, deposits and prepayments	426,677	462,091	33,852	32,851
Accrued interest receivable	180,758	187,176	7	52
	<u>607,435</u>	<u>649,267</u>	<u>33,859</u>	<u>32,903</u>

	Group	
	As at	As at
	<u>30 June 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000

A19. Deposits from Customers

(a) By type of deposits

Demand deposits	17,442,509	17,106,591
Savings deposits	5,299,897	5,153,557
Fixed deposits	51,974,278	52,971,787
Negotiable instrument of deposits	333,932	561,296
	<u>75,050,616</u>	<u>75,793,231</u>

(b) By type of customers

Government and statutory bodies	6,154,292	4,734,585
Business enterprises	42,639,053	45,436,540
Individuals	24,004,571	23,477,921
Others	2,252,700	2,144,185
	<u>75,050,616</u>	<u>75,793,231</u>

A20. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	3,097,687	3,757,638
Licensed investment banks	541,700	458,605
BNM	2,525,567	2,205,622
Other financial institutions	1,995,791	2,248,466
	<u>8,160,745</u>	<u>8,670,331</u>



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FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Group		Company	
	As at 30 June 2008	As at 31 Dec 2007	As at 30 June 2008	As at 31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
Accrued interest payable	411,139	469,417	30,963	30,416
Other creditors and accruals	394,591	434,736	3,300	6,605
Accruals for operational expenses	228,841	238,783	-	-
General insurance fund	166,897	157,972	-	-
Lessee deposits	86,465	85,260	-	-
Short term employee benefits	83,443	134,108	-	-
Prepaid instalment	74,301	71,352	-	-
Remisiers' trust deposits	12,102	12,761	-	-
Amount due to Danaharta	1,764	1,828	-	-
Hire-purchase creditors	520	706	520	706
	<u>1,460,063</u>	<u>1,606,923</u>	<u>34,783</u>	<u>37,727</u>

A21. Other Liabilities



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

A22. Segment Information

Revenue and Results

Six months ended 30 June 2008

	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
Group										
External revenue	981,844	938,529	852,496	126,700	10,759	60,702	16,644	14,103	-	3,001,777
Intersegment revenue	1,219	2,281	12,516	830	388	332	6,669	14,079	(38,314)	-
Segment revenue	<u>983,063</u>	<u>940,810</u>	<u>865,012</u>	<u>127,530</u>	<u>11,147</u>	<u>61,034</u>	<u>23,313</u>	<u>28,182</u>	<u>(38,314)</u>	<u>3,001,777</u>
Profit before unallocated expenses	433,932	171,296	149,674	87,432	976	7,792	6,560	76,730		934,392
Unallocated expenses										(263,157)
Profit after unallocated expenses										671,235
Share of results of associates	-	-	-	-	-	38	-	490		528
Profit before INCPS dividends and taxation										671,763
INCPS dividends										-
Profit after INCPS dividends and before taxation										671,763
Taxation										(177,298)
Profit for the financial period										<u>494,465</u>



**RHB CAPITAL BERHAD (312952 – H)
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FOR THE SIX MONTHS ENDED 30 JUNE 2008**

A22. Segment Information (continued)

Revenue and Results

Six months ended 30 June 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
Group										
External revenue	926,921	900,730	931,773	184,103	16,510	101,245	28,124	50,440	-	3,139,846
Intersegment revenue	2,388	1,610	22,661	157	2,100	209	7,051	13,216	(49,392)	-
Segment revenue	<u>929,309</u>	<u>902,340</u>	<u>954,434</u>	<u>184,260</u>	<u>18,610</u>	<u>101,454</u>	<u>35,175</u>	<u>63,656</u>	<u>(49,392)</u>	<u>3,139,846</u>
Profit before unallocated expenses	218,964	147,431	235,733	140,929	12,421	53,082	20,496	42,452		871,508
Unallocated expenses										<u>(255,864)</u>
Profit after unallocated expenses										615,644
Share of results of associates	-	-	-	-	-	78	-	(10)		<u>68</u>
Profit before INCPS dividends and taxation										615,712
INCPS dividends										<u>(54,770)</u>
Profit after INCPS dividends and before taxation										560,942
Taxation										<u>(145,331)</u>
Profit for the financial period										<u><u>415,611</u></u>



**RHB CAPITAL BERHAD (312952 – H)
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A23. Valuation of Property, Plant and Equipment

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

A24. 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 proposed corporate proposals by RHB Investment Bank Berhad ('RHB Investment Bank'), a wholly-owned subsidiary of the Company. Please refer to B8(a) 'Status of Corporate Proposals' for further details.

A25. Changes in Composition of the Group

There were no changes in the composition of the Group for the six months ended 30 June 2008.



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A26. 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 30 June 2008			As at 31 Dec 2007		
	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	2,316	2,315	1,943	1,934	1,934	1,736
Transaction-related contingent items	2,028	1,014	677	2,149	938	631
Short term self-liquidating trade-related contingencies	2,420	484	344	2,591	518	345
Obligations under underwriting agreements	687	344	300	578	214	214
Other assets sold with recourse and commitments with certain drawdown	9	9	2	3	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	24,641	267	266	25,147	-	-
- maturity exceeding one year	4,269	2,135	1,944	3,999	1,999	1,808
Foreign exchange related contracts						
- less than one year	13,102	233	92	9,268	164	46
- one year to less than five years	9	1	-	9	1	-
- more than five years	1,306	234	81	926	162	67
Interest rate related contracts						
- less than one year	2,190	6	2	2,868	5	1
- one year to less than five years	7,587	311	64	5,657	125	30
- more than five years	444	37	8	347	27	6
Others	1,381	4	4	1,133	-	-
	<u>62,389</u>	<u>7,394</u>	<u>5,727</u>	<u>56,609</u>	<u>6,087</u>	<u>4,884</u>

* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's circulars.

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A26. 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 RMNil (31 December 2007: RM24,500,000) and RM100,000,000 (31 December 2007: RM100,000,000) for borrowings and performance guarantees of its subsidiaries respectively. As at balance sheet date, RMNil (31 December 2007: 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 interim financial statements for the six months ended 30 June 2008.

**(ii) RHB Investment Bank and RHB Equities Sdn Bhd ('RHB Equities')
- Claim by Dato' Haji Iqbal Kuppai Pitchai Rawther ('Plaintiff')**

This suit was initially filed by 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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A26. 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.

Group	
As at	As at
30 June 2008	31 Dec 2007
RM'000	RM'000

A27. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	56,437	27,961
- authorised but not contracted for	100,229	77,565
	<u>156,666</u>	<u>105,526</u>



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A28. Interest/Profit Rate Risk

Group As at 30 June 2008	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	15,769,210	-	-	-	-	1,199,111	-	16,968,321	3.56
Securities purchased under resale agreements	1,958,084	-	-	-	-	-	-	1,958,084	3.51
Deposits and placements with banks and other financial institutions	44,431	1,543,201	124,258	-	163,263	-	-	1,875,153	3.48
Securities									
- held-for-trading	-	-	-	-	-	19,498	4,738,738	4,758,236	4.58
- AFS	37,861	926,439	280,651	2,533,730	1,564,991	186,504	-	5,530,176	4.75
- held-to-maturity	505,858	969,489	997,418	4,330,848	1,943,411	(229,946)	-	8,517,078	4.17
Loans, advances and financing									
- performing	33,798,904	7,724,361	5,105,066	6,349,771	3,317,718	93	-	56,295,913	6.36
- non-performing*	-	-	-	-	-	555,399	-	555,399	
Clients' and brokers' balances	81,216	-	-	-	-	180,306	-	261,522	2.46
Other assets	1,894	-	199	473	685	604,184	-	607,435	3.07
Derivative assets	-	-	-	-	-	-	232,249	232,249	
Statutory deposits	-	-	-	-	-	1,730,128	-	1,730,128	
Tax recoverable	-	-	-	-	-	85,002	-	85,002	
Deferred tax assets	-	-	-	-	-	317,347	-	317,347	
Investments in associates	-	-	-	-	-	11,241	-	11,241	
Prepaid land lease	-	-	-	-	-	103,032	-	103,032	
Property, plant and equipment	-	-	-	-	-	762,578	-	762,578	
Goodwill	-	-	-	-	-	3,786,169	-	3,786,169	
Total assets	52,197,458	11,163,490	6,507,592	13,214,822	6,990,068	9,310,646	4,970,987	104,355,063	

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



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A28. Interest/Profit Rate Risk (continued)

Group As at 30 June 2008	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities and equity									
Deposits from customers	37,215,381	8,564,601	12,444,385	630,546	-	16,195,703	-	75,050,616	3.08
Deposits and placements of banks and other financial institutions	4,725,406	2,298,983	454,093	639,380	42,095	788	-	8,160,745	3.51
Bills and acceptances payable	1,533,433	2,004,508	678,628	-	-	227,394	-	4,443,963	3.77
Clients' and brokers' balances	-	-	-	-	-	389,184	-	389,184	
Other liabilities	31	63	292	134	-	1,459,543	-	1,460,063	5.40
Derivative liabilities	-	-	-	-	-	-	196,718	196,718	
Recourse obligation on loans sold to Cagamas	-	365,982	406,302	865,171	-	-	-	1,637,455	4.72
Taxation	-	-	-	-	-	144,402	-	144,402	
Deferred tax liabilities	-	-	-	-	-	393	-	393	
Borrowings	2,360,144	80,000	149,782	790,609	-	-	-	3,380,535	5.10
Subordinated obligations	-	-	-	240,000	2,000,000	-	-	2,240,000	5.19
Total liabilities	45,834,395	13,314,137	14,133,482	3,165,840	2,042,095	18,417,407	196,718	97,104,074	
Total equity	-	-	-	-	-	7,250,989	-	7,250,989	
Total liabilities and equity	45,834,395	13,314,137	14,133,482	3,165,840	2,042,095	25,668,396	196,718	104,355,063	
Total interest-sensitivity gap	6,363,063	(2,150,647)	(7,625,890)	10,048,982	4,947,973				



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A28. Interest/Profit Rate Risk (continued)

Company As at 30 June 2008	← Non-trading book →					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short term funds	-	-	-	-	-	1,122	-	1,122	
Deposits and placements with banks and other financial institutions	-	877	359	-	-	-	-	1,236	3.40
Other assets	-	-	-	-	-	33,859	-	33,859	
Amounts due from subsidiaries/ related companies	-	-	-	-	-	9,466	-	9,466	
Tax recoverable	-	-	-	-	-	39,627	-	39,627	
Investments in subsidiaries	-	-	-	-	-	8,782,557	-	8,782,557	
Property, plant and equipment	-	-	-	-	-	448	-	448	
Total assets	-	877	359	-	-	8,867,079	-	8,868,315	
Liabilities and equity									
Other liabilities	31	63	292	134	-	34,263	-	34,783	5.40
Amounts due to subsidiaries/ related companies	-	-	-	-	-	154,652	-	154,652	
Deferred tax liabilities	-	-	-	-	-	16	-	16	
Borrowings	1,723,420	80,000	149,782	790,609	-	-	-	2,743,811	5.54
Total liabilities	1,723,451	80,063	150,074	790,743	-	188,931	-	2,933,262	
Total equity	-	-	-	-	-	5,935,053	-	5,935,053	
Total liabilities and equity	1,723,451	80,063	150,074	790,743	-	6,123,984	-	8,868,315	
Total interest-sensitivity gap	(1,723,451)	(79,186)	(149,715)	(790,743)	-				



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A28. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 2007	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets									
Cash and short term funds	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	
Total assets	52,134,970	11,157,739	7,666,169	13,673,454	5,656,979	9,016,149	5,848,834	105,154,294	

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



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A28. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 2007	Non-trading book					Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities and equity									
Deposits from customers	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
									Effective dividend rate %
INCPS	-	-	-	1,004,431	-	-	-	1,004,431	10.00
Total liabilities	46,841,143	12,225,517	13,694,294	4,604,623	2,232,587	18,352,900	129,242	98,080,306	
Total equity	-	-	-	-	-	7,073,988	-	7,073,988	
Total liabilities and equity	46,841,143	12,225,517	13,694,294	4,604,623	2,232,587	25,426,888	129,242	105,154,294	
Total interest-sensitivity gap	5,293,827	(1,067,778)	(6,028,125)	9,068,831	3,424,392				



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FOR THE SIX MONTHS ENDED 30 JUNE 2008

A28. Interest/Profit Rate Risk (continued)

Company As at 31 Dec 2007	← Non-trading book →					Non-interest bearing	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short term funds	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	
Total assets	475,920	726	485	-	-	7,422,995	-	7,900,126	
Liabilities and equity									
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
Total liabilities	656,061	62	283	939,277	-	192,366	-	1,788,049	
Total equity	-	-	-	-	-	6,112,077	-	6,112,077	
Total liabilities and equity	656,061	62	283	939,277	-	6,304,443	-	7,900,126	
Total interest-sensitivity gap	(180,141)	664	202	(939,277)	-				



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A29. Capital Adequacy Ratio

BNM guidelines on capital adequacy requires RHB Bank, RHB Investment Bank and RHB Islamic Bank Berhad ('RHB Islamic Bank'), to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

Currently, the Group is not required to maintain any capital adequacy ratio requirements.

(a) The capital adequacy ratios of RHB Bank, RHB Investment bank and RHB Islamic Bank are as follows:

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at	As at	As at @	As at	As at @	As at
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up ordinary share capital	3,318,085	1,949,986	263,646	338,646	523,424	523,424
Paid-up INCPS	-	1,368,099	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	800,448	477,564	109,940	69,442	133,667	92,494
Other reserves (exclude AFS reserve)	1,975,133	1,894,070	278,549	278,549	123,062	123,062
Deferred tax (assets)/liabilities	(255,911)	(207,222)	(1,443)	376	(22,956)	(22,956)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	4,940,799	4,585,541	491,412	527,733	757,197	716,024
Tier II capital						
Subordinated obligations	2,000,000	2,495,000	245,000	200,000	-	-
General allowance for bad and doubtful debts	932,850	893,728	11,128	15,278	85,684	82,948
Total Tier II capital	2,932,850	3,388,728	256,128	215,278	85,684	82,948



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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

A29. Capital Adequacy Ratio (continued)

(a) The capital adequacy ratios of RHB Bank, RHB Investment bank and RHB Islamic Bank are as follows: (continued)

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at	As at	As at	As at	As at	As at
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Maximum allowable subordinated obligations	2,000,000	2,292,771 #	245,000	200,000	-	-
General allowance for bad and doubtful debts and financing	932,850	893,728	11,128	15,278	85,684	82,948
Maximum allowable total Tier II capital	2,932,850	3,186,499	256,128	215,278	85,684	82,948
Less:						
Investment in subsidiaries	(628,640)	(628,640)	(58,270)	(48,270)	-	-
Holdings of other financial institutions capital	-	(38,625)	-	(25,000)	-	-
Total capital base	7,245,009	7,104,775	689,270	669,741	842,881	798,972
<u>Before deducting proposed dividends</u>						
Core capital ratio	8.6%	8.3%	14.5%	14.6%	14.2%	16.0%
Risk-weighted capital adequacy ratio	12.6%	12.8%	20.4%	18.6%	15.9%	17.9%
<u>After deducting proposed dividends</u>						
Core capital ratio	8.3%	8.3%	14.5%	14.6%	14.2%	16.0%
Risk-weighted capital adequacy ratio	12.3%	12.8%	20.4%	18.6%	15.9%	17.9%

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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A29. Capital Adequacy Ratio (continued)

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at	As at	As at	As at	As at	As at
	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(b) Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:						
<u>Principal</u>						
0%	21,784,650	21,716,460	1,779,233	1,769,516	1,984,367	3,177,098
10%	28,788	58,812	-	-	-	50,284
20%	9,072,725	12,576,396	1,827,249	661,921	884,234	126,731
35%	-	-	1,227	-	7,774	-
50%	10,959,262	10,654,657	211,511	3,478	6,748	1,411,313
75%	-	-	13,826	-	1,919,302	-
100%	48,030,765	45,699,685	1,202,535	2,129,834	3,422,229	3,640,729
150%	-	-	139,971	-	168,132	-
	89,876,190	90,706,010	5,175,552	4,564,749	8,392,786	8,406,155
<u>Risk-weighted</u>						
0%	-	-	-	-	-	-
10%	2,879	5,881	-	-	-	5,028
20%	1,814,545	2,515,279	365,450	132,385	176,846	25,346
35%	-	-	429	-	2,721	-
50%	5,479,631	5,327,329	105,756	1,739	3,374	705,656
75%	-	-	10,370	-	1,439,477	-
100%	48,030,765	45,699,685	1,202,535	2,129,834	3,422,229	3,640,729
150%	-	-	209,956	-	252,198	-
	55,327,820	53,548,174	1,894,496	2,263,958	5,296,845	4,376,759
Total risk-weighted assets for market risk*	1,883,907	1,533,761	1,472,855	1,347,353	-	89,414
Counterparty risk	-	-	-	6	-	-
	57,211,727	55,081,935	3,367,351	3,611,317	5,296,845	4,466,173

*

The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which is effective from 1 April 2005.

@ The capital adequacy ratio are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk ('Basel II').

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



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B1. Review of Group Results

For the six months ended 30 June 2008, the Group recorded a profit after INCPS dividends and before taxation of RM671.8 million, 19.8% higher than that of the previous year corresponding period of RM560.9 million. The higher profit was mainly due to lower allowance for losses on loans and financing by RM99.2 million, higher net interest income by RM55.7 million, higher impairment written back by RM31.9 million, nil INCPS dividend, offset by lower other operating income and higher other operating expenses by RM49.5 million and RM24.3 million respectively.

B2. Changes in Profit for the Quarter

For the second quarter ended 30 June 2008, the Group recorded a profit after INCPS dividends and before taxation of RM361.9 million as compared to the profit of RM309.9 million recorded in the preceding quarter ended 31 March 2008. The higher profit was mainly due to higher net interest income by RM29.6 million, lower other operating expenses by RM26.2 million, higher income from Islamic Banking business by RM14.7 million, higher impairment written back by RM13.5 million, offset by lower other operating income by RM30.1 million.

B3. Prospects for the Financial Year Ending 31 December 2008

Despite a resilient Malaysian economy in the first half of the year which recorded a GDP growth of 6.5%, we expect that the second half of the year will be challenging given the current operating environment underpinned by increase external uncertainties, rising inflation and intensive competition. The Group however is better positioned to navigate the tougher conditions given the improved financial and operating platforms brought about by the Group's Transformation Program implemented over the past 12 months.

Under this backdrop, the Group is cautiously optimistic that its improved performance for the first half of 2008 could be sustained for the whole of 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.

	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
B5. Taxation				
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	91,975	90,100	192,186	177,693
- overseas tax	1,632	2,670	1,716	2,734
Deferred tax	(3,536)	(4,647)	(14,430)	(12,140)
Tax on INCPS dividends	-	(7,341)	-	(14,694)
	90,071	80,782	179,472	153,593
Over provision in respect of prior years	(61)	(8,758)	(2,174)	(8,262)
	90,010	72,024	177,298	145,331

The effective tax rate of the Group for the second quarter ended 30 June 2008 was lower than the statutory tax rate mainly due to tax refund in respect of prior years of RHB Bank Group.

The effective tax rate of the Group for the six months ended 30 June 2008 was in line with the statutory tax rate.



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	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	RM'000	RM'000	RM'000	RM'000
B5. Taxation (continued)				
<u>Company</u>				
Income tax based on profit for the financial period				
- Malaysian income tax	<u>165</u>	<u>50,134</u>	<u>165</u>	<u>50,134</u>

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 six months ended 30 June 2008.

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 six months ended 30 June 2008.

B8. Status of Corporate Proposals

(a) 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;
- (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 Securities Commission ('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 shareholders 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. In furtherance thereto, RHB Investment Bank had on 21 April 2008, issued the balance of RM45.0 million nominal value of Notes under the Sub-Note Programme.

The Proposals will not have any effect on the share capital and substantial shareholding structure of the Company and are not expected 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)

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

Subsequent thereto, the Company had, on 4 April 2008, announced that the order of the High Court of Malaya, Kuala Lumpur confirming the Proposed Capital Repayment has been lodged with the Registrar of Companies on 4 April 2008. Accordingly, the Proposed Capital Repayment has been completed.

Further to that, the Company had also announced on 14 April 2008 that the SC had, vide its letter dated 10 April 2008 (which was received on 11 April 2008), granted approval for an extension of time up to 10 October 2008 for the implementation of the proposed issuance of HT1 Securities subject to the conditions as contained therein.

(b) Proposed acquisition of a 49.0% stake in Vietnam Securities Corporation ('VSEC')

On 28 March 2008, the Company announced that RHB Investment Bank had on even date entered into a Share Subscription Agreement ('SSA') with VSEC for the subscription of new common shares in VSEC, representing 49.0% of the total enlarged issued and paid-up share capital for a total consideration of VND66,150,000,000 or equivalent to approximately RM13,266,563 (at the prevailing exchange rate of RM1:VND4,986.22, and this exchange rate shall be used throughout this announcement, where applicable) to be satisfied entirely by cash ('Proposed Subscription'). The Proposed Subscription is conditional upon, among others, the approvals of the relevant regulatory authorities in Malaysia and Vietnam.

RHB Investment Bank has also entered into a First Right of Refusal Agreement with the existing Vietnamese shareholders, granting RHB Investment Bank the right to arrange for the sale of VSEC Shares held by the existing shareholders to permitted prospective purchasers under the applicable Vietnamese laws after the Proposed Subscription.

The Proposed Subscription will not have any effect on both the substantial shareholders' shareholding, and the issued and paid-up share capital of the Company. It is also not expected to have any material effect on the net assets per share, earning per share and gearing of the Group.

None of the Directors or major shareholders of the Company and persons connected to them are deemed to have any interest, direct or indirect, in the Proposed Subscription.

(c) Proposed disposal by the Employees Provident Fund Board ('EPF') of part of its equity stake in RHB Capital Berhad to one or more investors

On 8 May 2008, the Company announced that EPF has sealed the Sale and Purchase Agreement with Abu Dhabi Commercial Bank for the acquisition of a 25% equity stake in the Company, valued at RM3.876 billion based on the purchase price of RM7.20 per share.

(d) Proposed Issuance of up to RM600 million nominal value of Hybrid Tier 1 Capital Securities under Hybrid Tier 1 Capital Securities Programme by RHB Bank

The Company announced on 14 July 2008 that SC had on 10 July 2008, approved the proposed issuance of up to RM600 million nominal value of Hybrid Tier 1 Capital Securities ('HT1 Capital Securities') under a Hybrid Tier 1 Capital Securities Programme ('HT1 Programme') by RHB Bank, a wholly-owned subsidiary of the Company. RHB Bank has yet to issue the said HT1 Capital Securities as at to date.

The HT1 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 is not expected to have any material effect on the earnings per share of the Company for financial year 2008.



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

	Group			
	As at 30 June 2008 RM'000	As at 31 Dec 2007 RM'000	As at 30 June 2008 RM'000	As at 31 Dec 2007 RM'000
(a) Deposits from customers and placements of banks and other financial institutions				
Deposits from customers				
- one year or less (short term)	74,478,674	75,185,655		
- more than one year (medium/long term)	571,942	607,576		
	<u>75,050,616</u>	<u>75,793,231</u>		
Deposits and placements of banks and other financial institutions				
- one year or less (short term)	7,479,270	7,891,741		
- more than one year (medium/long term)	681,475	778,590		
	<u>8,160,745</u>	<u>8,670,331</u>		
			Company	
	As at 30 June 2008 RM'000	As at 31 Dec 2007 RM'000	As at 30 June 2008 RM'000	As at 31 Dec 2007 RM'000
(b) Borrowings				
Secured:				
Revolving credits	20,000	20,000	20,000	20,000
Term loans	240,000	240,000	240,000	240,000
Unsecured:				
Revolving credits	14,200	-	14,200	-
Overdrafts	220	30	220	30
Term loans	2,085,724	726,700	1,449,000	396,000
RM600 million 6 years				
Serial Fixed Rate Bonds	597,131	596,363	597,131	596,363
RM350 million				
Fixed Rate Bonds	343,260	342,584	343,260	342,584
RM150 million 7 years				
Commercial Papers/ Medium				
Term Notes	80,000	-	80,000	-
	<u>3,380,535</u>	<u>1,925,677</u>	<u>2,743,811</u>	<u>1,594,977</u>
Maturity period of borrowings:				
Repayable within one year	1,613,203	656,029	1,613,203	656,029
One year to three years	707,349	298,744	707,348	298,744
Three years to five years	343,260	640,204	343,260	640,204
Over five years	716,723	330,700	80,000	-
	<u>3,380,535</u>	<u>1,925,677</u>	<u>2,743,811</u>	<u>1,594,977</u>



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

	Group	
	As at	As at
	30 June 2008	31 Dec 2007
	RM'000	RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,300,000	1,275,000
5.5% RM700 million Tier II subordinated notes 2007/2022	700,000	700,000
5.3% RM200 million Tier II subordinated notes 2007/2017	195,000	195,000
5.5% RM45 million Tier II subordinated notes 2008/2018	45,000	-
6.625% USD150 million Tier II subordinated notes 2002/2013	-	495,000
	<u>2,240,000</u>	<u>2,665,000</u>

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



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B10. Off-Balance Sheet Financial Instruments

Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at 30 June 2008

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	4,983	1,848	1,623	920	592	-	-	-
- swaps	6,081	3,568	1,596	731	186	-	-	-
- options	969	322	308	309	30	-	-	-
- spots	1,069	1,069	-	-	-	-	-	-
- cross-currency interest rate swaps	1,315	-	-	-	-	9	1,306	-
Interest rate related contracts								
- futures	2,910	-	310	290	560	1,750	-	1,981
- swaps	7,311	412	849	243	653	4,964	190	-
Total	24,638	7,219	4,686	2,493	2,021	6,723	1,496	1,981

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

(c) Derivatives that do not qualify for hedge accounting

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



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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 A26(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.

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



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B12. Dividends Declared

- (i) An interim dividend of 9.0% less 26% tax has been declared by the directors.
- (ii) Amount per share: 9.0 sen less 26% tax;
- (iii) Previous corresponding period: 5 sen less 27% tax.
- (iv) Entitlement date: to be announced later.
- (v) Payment date: to be announced later.

	2nd quarter ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
B13. Earnings per Share				
Basic earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>271,069</u>	<u>162,198</u>	<u>493,491</u>	<u>308,521</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,153,475</u>	<u>1,823,475</u>	<u>2,153,475</u>	<u>1,823,475</u>
Basic earnings per share (sen)	<u>12.6</u>	<u>8.9</u>	<u>22.9</u>	<u>16.9</u>

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

28 August 2008