



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF AUDITED RESULTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the audited results of the Group and Company for the financial year ended 31 December 2008 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Note	4th quarter ended		12 months ended	
		31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,164,701	1,208,207	4,772,060	4,867,321
Interest expense	A9	(592,450)	(664,861)	(2,555,717)	(2,768,412)
Net interest income		572,251	543,346	2,216,343	2,098,909
Other operating income	A10	264,143	218,108	947,704	961,177
		836,394	761,454	3,164,047	3,060,086
Income from Islamic Banking business		80,654	89,857	281,007	328,323
Net operating income		917,048	851,311	3,445,054	3,388,409
Other operating expenses	A11	(437,089)	(461,196)	(1,513,005)	(1,505,709)
Operating profit before allowances		479,959	390,115	1,932,049	1,882,700
Allowance for losses on loans and financing	A12	(210,860)	(49,982)	(499,596)	(574,115)
Impairment loss		(7,093)	(47,104)	(10,364)	(62,293)
		262,006	293,029	1,422,089	1,246,292
Share of results of associates		12	114	424	218
Share of results of joint venture		(64)	-	(64)	-
Profit before Irredeemable					
Non-cumulative Convertible					
Preference Shares ('INCPS')					
dividends and taxation		261,954	293,143	1,422,449	1,246,510
INCPS dividends	A13	-	(26,988)	-	(109,597)
Profit after INCPS dividends and					
before taxation		261,954	266,155	1,422,449	1,136,913
Taxation	B5	(65,259)	(91,748)	(372,694)	(314,848)
Net profit for the financial period/year		196,695	174,407	1,049,755	822,065
Attributable to:					
- Equity holders of the Company		196,899	173,180	1,048,734	712,930
- Minority interests		(204)	1,227	1,021	109,135
		196,695	174,407	1,049,755	822,065
Earnings per share					
- Basic (sen)	B13	9.1	8.0	48.7	35.8
- Diluted (sen)	B13	9.1	8.0	48.7	35.8

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Note	4th quarter ended		12 months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	99	83	1,465	46,928
Interest expense	A9	(39,695)	(27,116)	(149,424)	(95,518)
Net interest expense		<u>(39,596)</u>	<u>(27,033)</u>	<u>(147,959)</u>	<u>(48,590)</u>
Other operating income	A10	1,149	1,013,165	297,050	1,372,199
Net operating income		<u>(38,447)</u>	<u>986,132</u>	<u>149,091</u>	<u>1,323,609</u>
Other operating expenses	A11	(4,564)	(19,066)	(30,552)	(45,158)
Profit before taxation		<u>(43,011)</u>	<u>967,066</u>	<u>118,539</u>	<u>1,278,451</u>
Taxation	B5	4,554	(264,133)	(29,622)	(343,656)
Net profit for the financial period/year		<u><u>(38,457)</u></u>	<u><u>702,933</u></u>	<u><u>88,917</u></u>	<u><u>934,795</u></u>

This Condensed 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 31 DECEMBER 2008

	Note	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000
Group			
ASSETS			
Cash and short term funds		14,346,451	19,048,148
Securities purchased under resale agreements		106,565	567,836
Deposits and placements with banks and other financial institutions		555,126	3,365,740
Securities held-for-trading	A14	5,325,966	5,761,145
Securities available-for-sale ('Securities AFS')	A15	6,212,714	7,674,258
Securities held-to-maturity	A16	9,616,812	7,041,480
Loans, advances and financing	A17	60,596,120	54,554,651
Clients' and brokers' balances		175,303	246,870
Other assets	A18	549,448	649,267
Derivative assets		380,161	109,157
Statutory deposits		1,579,678	1,673,865
Tax recoverable		94,929	52,887
Deferred tax assets		275,016	249,119
Investments in associates		11,137	15,533
Investments in joint venture		26,349	-
Prepaid land lease		102,779	99,594
Property, plant and equipment		792,046	760,791
Goodwill		3,786,169	3,283,953
Total assets		104,532,769	105,154,294
LIABILITIES AND EQUITY			
Deposits from customers	A19/B9(a)	73,962,224	75,793,231
Deposits and placements of banks and other financial institutions	A20/B9(a)	8,682,147	8,670,331
Bills and acceptances payable		4,935,512	3,959,943
Clients' and brokers' balances		289,053	368,436
Other liabilities	A21	1,498,770	1,606,923
Derivative liabilities		384,879	129,242
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,173,754	1,854,873
Taxation		91,196	101,626
Deferred tax liabilities		1,760	593
Borrowings	B9(b)	3,432,534	1,925,677
Subordinated obligations	B9(c)	2,240,000	2,665,000
INCPS		-	1,004,431
Total liabilities		96,691,829	98,080,306
Share capital		2,153,475	2,153,475
Reserves		5,660,952	4,894,885
		7,814,427	7,048,360
Minority interests		26,513	25,628
Total equity		7,840,940	7,073,988
Total liabilities and equity		104,532,769	105,154,294
Commitments and contingencies	A26(a)	60,734,924	56,608,914
Net assets per share attributable to equity holders of the Company (RM)		3.63	3.27

This Condensed 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 31 DECEMBER 2008

	Note	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		20,619	476,455
Deposits and placements with banks and other financial institutions		1,253	1,211
Other assets	A18	33,806	32,903
Amounts due from subsidiaries/related companies		10,319	9,677
Tax recoverable		54,804	28,297
Investments in subsidiaries		8,782,439	7,350,910
Property, plant and equipment		373	673
Total assets		<u>8,903,613</u>	<u>7,900,126</u>
LIABILITIES AND EQUITY			
Other liabilities	A21	53,420	37,727
Amounts due to subsidiaries/related companies		153,093	155,329
Deferred tax liabilities		16	16
Borrowings	B9(b)	2,776,559	1,594,977
Total liabilities		<u>2,983,088</u>	<u>1,788,049</u>
Share capital		2,153,475	2,153,475
Reserves		3,767,050	3,958,602
Total equity		<u>5,920,525</u>	<u>6,112,077</u>
Total liabilities and equity		<u>8,903,613</u>	<u>7,900,126</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company							Total equity RM'000		
	Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Other reserves RM'000	AFS reserves RM'000	Translation reserves RM'000	Retained profits RM'000		Sub-total RM'000	Minority interests RM'000
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	-	-	-	-	-	(726)	-	(726)	-	(726)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	(27,443)	-	-	(27,443)	(169)	(27,612)
Net transfer to income statement on disposal or impairment	-	-	-	-	23,432	-	-	23,432	(12)	23,420
Deferred tax	-	-	-	-	2,539	-	-	2,539	45	2,584
Income and expenses recognised directly in equity	-	-	-	-	(1,472)	(726)	-	(2,198)	(136)	(2,334)
Net profit for the financial year	-	-	-	-	-	-	1,048,734	1,048,734	1,021	1,049,755
Total income and expenses recognised for the financial year	-	-	-	-	(1,472)	(726)	1,048,734	1,046,536	885	1,047,421
Transfer in respect of statutory requirements	-	-	276,640	-	-	-	(276,640)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(280,469)	(280,469)	-	(280,469)
Balance as at 31 December 2008	2,153,475	2,352,093	1,944,654	8,563	22,785	(10,875)	1,343,732	7,814,427	26,513	7,840,940

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company										Total equity RM'000
	Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Merger reserves RM'000	Other reserves RM'000	AFS reserves RM'000	Translation reserves RM'000	Retained profits RM'000	Sub-total RM'000	Minority interests RM'000	
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	-	-	-	-	-	3,694	-	-	3,694	(2,051)	1,643
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(28,143)	-	-	(28,143)	(3,714)	(31,857)
Net transfer to income statement on disposal or impairment	-	-	-	-	21,119	-	-	-	21,119	4,995	26,114
Liquidation of a subsidiary	-	-	-	(18,280)	-	-	(7,275)	25,555	-	-	-
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	(1,157,061)	(1,157,061)
Deferred tax	-	-	-	-	-	1,691	-	-	1,691	(238)	1,453
Income and expenses recognised directly in equity	-	-	-	(18,280)	-	(5,333)	(3,581)	25,555	(1,639)	(1,158,069)	(1,159,708)
Net profit for the financial year	-	-	-	-	-	-	-	712,930	712,930	109,135	822,065
Total income and expenses recognised for the financial year	-	-	-	(18,280)	-	(5,333)	(3,581)	738,485	711,291	(1,048,934)	(337,643)
Transfer in respect of statutory requirements	-	-	224,217	-	-	-	-	(224,217)	-	-	-
Transfer of merger debit difference to retained profits	-	-	-	11,849	-	-	-	(11,849)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(158,470)	(158,470)	-	(158,470)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(49,121)	(49,121)
Issue of ordinary shares	330,000	1,237,500	-	-	-	-	-	-	1,567,500	-	1,567,500
Balance as at 31 December 2007	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

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2008

<u>Company</u>	<u>Share capital RM'000</u>	<u>Non- distributable Share premium RM'000</u>	<u>Distributable Retained profits RM'000</u>	<u>Total RM'000</u>
Balance as at 1 January 2008	2,153,475	2,352,093	1,606,509	6,112,077
Net profit for the financial year	-	-	88,917	88,917
Ordinary dividends	-	-	(280,469)	(280,469)
Balance as at 31 December 2008	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,414,957</u>	<u>5,920,525</u>
Balance as at 1 January 2007	1,823,475	1,114,593	830,184	3,768,252
Net profit for the financial year	-	-	934,795	934,795
Ordinary dividends	-	-	(158,470)	(158,470)
Issue of ordinary shares	330,000	1,237,500	-	1,567,500
Balance as at 31 December 2007	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,606,509</u>	<u>6,112,077</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	12 months ended	
	31 Dec 2008	31 Dec 2007
	RM'000	RM'000
Group		
Operating activities		
Profit before INCPS dividends and taxation	1,422,449	1,246,510
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>137,051</u>	(128,879)
Operating profit before working capital changes	1,559,500	1,117,631
Net changes in operating assets	(2,691,703)	3,414,087
Net changes in operating liabilities	<u>(1,712,243)</u>	(624,291)
Cash (used in)/generated from operations	(2,844,446)	3,907,427
Taxation paid	(460,338)	(363,962)
Taxation recovered	15,083	50,631
Net cash (used in)/generated from operating activities	<u>(3,289,701)</u>	<u>3,594,096</u>
Investing activities		
Increase in investments in subsidiaries	(1,506,647)	(3,373,541)
Increase in investments in an associate	-	(26)
Purchase of property, plant and equipment	(108,742)	(74,448)
Net (purchase)/sale of securities	(1,091,169)	4,638,192
Interest received from securities	479,028	687,842
Proceeds from disposal of an associate	7,069	-
Investment income received from securities	24,205	16,701
Dividend income received from securities	10,936	6,318
Proceeds from disposal of property, plant and equipment	141	5,514
Capital repayment upon liquidation of subsidiaries	-	2,408
Investments in joint venture	<u>(27,400)</u>	-
Net cash (used in)/generated from investing activities	<u>(2,212,579)</u>	<u>1,908,960</u>
Financing activities		
Drawdown of borrowings	2,338,050	669,380
Dividends paid to equity holders of the Company	(280,469)	(158,470)
Repayment of borrowings	(848,178)	(280,440)
Payment to hire-purchase creditors	(560)	(356)
INCPS dividends paid	-	(79,984)
Dividends paid to minorities	-	(49,121)
Proceeds from issuance of ordinary shares	-	1,567,500
Net proceeds from issuance of subordinated notes	70,000	2,170,000
Redemption of subordinated notes	<u>(479,100)</u>	(965,000)
Net cash generated from financing activities	<u>799,743</u>	<u>2,873,509</u>
Net (decrease)/increase in cash and cash equivalents	(4,702,537)	8,376,565
Cash and cash equivalents		
- at the beginning of the financial year	<u>19,048,118</u>	<u>10,671,553</u>
- at the end of the financial year	<u>14,345,581</u>	<u>19,048,118</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	14,346,451	19,048,148
Overdrafts	<u>(870)</u>	<u>(30)</u>
	<u>14,345,581</u>	<u>19,048,118</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	12 months ended	
	31 Dec 2008	31 Dec 2007
	RM'000	RM'000
<u>Company</u>		
Operating activities		
Profit before taxation	118,539	1,278,451
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(148,135)</u>	(1,321,859)
Operating loss before working capital changes	(29,596)	(43,408)
Net changes in operating assets	(1,573)	1,280,822
Net changes in operating liabilities	<u>(2,882)</u>	(16,926)
Cash (used in)/generated from operations	(34,051)	1,220,488
Taxation recovered	9,177	9,836
Net cash (used in)/generated from operating activities	<u>(24,874)</u>	1,230,324
Investing activities		
Increase in investments in subsidiaries	(1,506,647)	(3,373,541)
Capital repayment from a subsidiary	75,000	-
Purchase of property, plant and equipment	(169)	(44)
Dividend income received from subsidiaries	229,638	959,854
Interest income received	1,451	1,488
Proceeds from disposal of a subsidiary	-	152
Proceeds from disposal of property, plant and equipment	-	5
Capital repayment upon liquidation of a subsidiary	-	2,370
Net cash used in investing activities	<u>(1,200,727)</u>	(2,409,716)
Financing activities		
Drawdown of borrowings	1,992,800	603,240
Interest expense paid	(127,846)	(89,055)
Repayment of borrowings	(815,000)	(280,440)
Payment to hire-purchase creditors	(560)	(356)
Dividends paid to equity holders of the Company	(280,469)	(158,470)
Proceeds from issuance of ordinary shares	-	1,567,500
Net cash generated from financing activities	<u>768,925</u>	1,642,419
Net (decrease)/increase in cash and cash equivalents	(456,676)	463,027
Cash and cash equivalents		
- at the beginning of the financial year	476,425	13,398
- at the end of the financial year	<u>19,749</u>	<u>476,425</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	20,619	467,455
Overdrafts	(870)	(30)
	<u>19,749</u>	<u>467,425</u>

This Condensed 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 CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

A1. Basis of Preparation

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

The accounting policies and presentation adopted by the Group and the Company for the condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2007, except for those revised FRSs adopted by the Group and the Company as mentioned below.

During the financial year, the Group and the Company adopted the following revised FRS issued by MASB that are relevant and effective for financial periods beginning 1 January 2008. The revised FRS that is relevant to the Group and the Company are as follows:

- (a) FRS 107 Cash Flows Statements
- (b) FRS 112 Income Taxes
- (c) FRS 118 Revenue
- (d) FRS 121 The Effects of Changes in Foreign Exchange Rates
- (e) FRS 134 Interim Financial Reporting
- (f) FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRS does not have any significant financial impact on the results of the Group and the Company.

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 financial year ended 31 December 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 year.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

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 financial year other than as follows:

- (a) 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.
- (b) RHB Bank had fully redeemed the USD150.0 million Subordinated Notes 2002/2013 on 25 January 2008.
- (c) RHB Investment Bank Berhad ('RHB Investment Bank') has issued RM45.0 million Subordinated Notes 2008/2018 on 21 April 2008.

A7. Dividends Paid

During the financial year ended 31 December 2008, the Company has paid the following dividends:

- (a) A final dividend of 8.6% less 26% income tax amounting to RM137,047,129 in respect of the financial year ended 31 December 2007 on 18 June 2008.
- (b) An interim dividend of 9.0% less 26% income tax amounting to RM143,421,415 in respect of the financial year ending 31 December 2008 on 30 September 2008.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	4th quarter ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	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')	842,764	776,913	3,179,874	3,053,133
- recoveries from NPLs	34,258	47,059	183,907	194,819
Money at call, deposits and placements with financial institutions	130,691	173,408	748,386	692,206
Securities purchased under resale agreements	(2,351)	24,406	37,932	105,592
Securities held-for-trading	39,058	44,805	170,359	177,521
Securities AFS	54,502	80,426	227,644	368,874
Securities held-to-maturity	87,477	72,004	279,486	308,226
Others	3,875	11,504	16,629	63,271
	<u>1,190,274</u>	<u>1,230,525</u>	<u>4,844,217</u>	<u>4,963,642</u>
Accretion of discount less amortisation of premium	705	490	14,484	(2,109)
Interest suspended	(26,278)	(22,808)	(86,641)	(94,212)
	<u>1,164,701</u>	<u>1,208,207</u>	<u>4,772,060</u>	<u>4,867,321</u>
<u>Company</u>				
Money at call, deposits and placements with financial institutions	99	83	1,465	1,526
Others	-	-	-	45,402
	<u>99</u>	<u>83</u>	<u>1,465</u>	<u>46,928</u>
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	50,576	52,349	249,680	383,907
Deposits from customers	444,975	515,760	1,914,593	1,796,900
Obligations on securities sold under repurchase agreements	7	-	9	211,843
Borrowings	45,516	30,171	168,016	112,348
Subordinated obligations	29,316	33,531	119,081	110,785
Recourse obligation on loans sold to Cagamas	14,750	23,411	72,982	111,900
Others	7,310	9,639	31,356	40,729
	<u>592,450</u>	<u>664,861</u>	<u>2,555,717</u>	<u>2,768,412</u>
<u>Company</u>				
Borrowings	39,539	25,065	148,515	92,455
Others	156	2,051	909	3,063
	<u>39,695</u>	<u>27,116</u>	<u>149,424</u>	<u>95,518</u>



RHB CAPITAL BERHAD (312952 – H)
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	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income:				
- Service charges and fees	37,985	40,626	163,762	160,136
- Commission	29,540	23,938	116,977	119,459
- Guarantee fees	10,071	17,682	50,858	45,361
- Commitment fees	11,655	10,904	46,487	43,419
- Brokerage	11,037	30,612	63,221	122,046
- Fund management fees	3,642	2	19,711	10,607
- Corporate advisory fees	1,592	3,712	12,483	15,186
- Underwriting and arrangement fees	2,438	2,717	22,888	16,553
- Unit trust fee income	(2,304)	7,458	2,895	39,032
- Other fee income	2,836	3,132	20,691	18,181
	108,492	140,783	519,973	589,980
Net gain/(loss) arising from sale/ redemption of securities and derivatives:				
- Net gain/(loss) from sale of :				
- securities held-for-trading	34,796	3,567	73,229	82,719
- securities AFS	950	(1,365)	(3,490)	23,084
- Net gain from redemption of :				
- securities held-to-maturity	181	2,840	2,305	2,943
- Derivatives	(637)	(2,290)	1,976	(1,000)
	35,290	2,752	74,020	107,746
Unrealised gain/(loss) on revaluation of securities and derivatives:				
- Securities held-for-trading	28,717	(9,221)	(44,481)	(55,183)
- Derivatives	(9,749)	2,587	(1,355)	5,168
	18,968	(6,634)	(45,836)	(50,015)



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	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 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	571	213	2,604	2,396
- Securities AFS	434	1,540	9,378	6,259
- Securities held-to-maturity	44	-	133	-
	<u>1,049</u>	<u>1,753</u>	<u>12,115</u>	<u>8,655</u>
Other income:				
- Foreign exchange gain/(loss)				
- realised	73,294	50,347	261,866	252,764
- unrealised	3,696	3,985	14,491	(35,520)
- Underwriting surplus before management expenses	8,618	9,634	40,501	30,922
- Gain on disposal of an associate	-	-	2,249	-
- Rental income	1,183	891	3,700	3,484
- Net gain on disposal of property, plant and equipment	91	183	98	842
- Other operating income	12,046	12,844	52,027	41,540
- Other non-operating income	1,416	1,570	12,500	10,779
	<u>100,344</u>	<u>79,454</u>	<u>387,432</u>	<u>304,811</u>
	<u>264,143</u>	<u>218,108</u>	<u>947,704</u>	<u>961,177</u>
<u>Company</u>				
Gross dividend income from:				
- Subsidiaries	-	1,012,561	294,944	1,343,131
Other income:				
- Foreign exchange gain				
- unrealised	1,267	333	1,737	452
- Net (loss)/gain on disposal of property, plant and equipment	-	(1)	(4)	1
- Other operating income/(expenses)	-	272	491	1,088
- Other non-operating (expense)/income	(118)	-	(118)	27,527
	<u>1,149</u>	<u>604</u>	<u>2,106</u>	<u>29,068</u>
	<u>1,149</u>	<u>1,013,165</u>	<u>297,050</u>	<u>1,372,199</u>



RHB CAPITAL BERHAD (312952 – H)
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	4th quarter ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	211,940	194,214	717,375	629,008
- Defined contribution plan	31,934	27,069	106,414	91,331
- Other staff related costs	17,763	48,808	62,350	98,362
	<u>261,637</u>	<u>270,091</u>	<u>886,139</u>	<u>818,701</u>
Establishment costs				
- Information technology expenses	17,399	24,357	87,383	93,283
- Depreciation	17,708	21,464	78,704	91,668
- Repair and maintenance	11,453	11,777	47,325	46,937
- Rental of premises	9,381	8,271	35,442	32,016
- Water and electricity	4,927	3,837	17,728	15,635
- Rental of equipment	3,343	3,007	12,681	11,435
- Insurance	4,877	2,299	10,462	12,201
- Amortisation of prepaid land lease	128	134	510	499
- Others	3,048	2,082	7,948	8,993
	<u>72,264</u>	<u>77,228</u>	<u>298,183</u>	<u>312,667</u>
Marketing expenses				
- Sales commission	14,356	9,333	41,342	44,960
- Advertisements and publicity	17,273	14,868	38,200	42,446
- Dealers' handling fee	2,088	4,105	5,359	18,648
- Others	20,126	28,664	67,417	79,373
	<u>53,843</u>	<u>56,970</u>	<u>152,318</u>	<u>185,427</u>
Administration and general expenses				
- Communication expenses	21,791	16,647	76,285	71,700
- Legal and professional fee	4,921	16,363	14,793	35,725
- Others	22,633	23,897	85,287	81,489
	<u>49,345</u>	<u>56,907</u>	<u>176,365</u>	<u>188,914</u>
	<u>437,089</u>	<u>461,196</u>	<u>1,513,005</u>	<u>1,505,709</u>



**RHB CAPITAL BERHAD (312952 – H)
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	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	1,500	1,804	8,692	8,033
- Defined contribution plan	307	216	1,210	919
- Other staff related costs	267	368	1,231	1,543
	<u>2,074</u>	<u>2,388</u>	<u>11,133</u>	<u>10,495</u>
Establishment costs				
- Rental of premises	302	354	1,219	1,413
- Depreciation	63	167	465	662
- Repair and maintenance	90	176	340	484
- Rental of equipment	14	18	54	47
- Water and electricity	17	10	57	43
- Information technology expenses	3	37	12	104
- Insurance	1	-	3	3
	<u>490</u>	<u>762</u>	<u>2,150</u>	<u>2,756</u>
Marketing expenses				
- Advertisements and publicity	299	577	1,359	1,936
- Others	1,213	1,400	12,351	1,877
	<u>1,512</u>	<u>1,977</u>	<u>13,710</u>	<u>3,813</u>
Administration and general expenses				
- Communication expenses	67	99	269	403
- Legal and professional fee	342	13,686	2,999	25,910
- Others	79	154	291	1,781
	<u>488</u>	<u>13,939</u>	<u>3,559</u>	<u>28,094</u>
	<u>4,564</u>	<u>19,066</u>	<u>30,552</u>	<u>45,158</u>



RHB CAPITAL BERHAD (312952 – H)
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	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 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	304,227	202,727	937,219	1,061,428
- specific allowance written back	(49,796)	(116,606)	(214,613)	(409,575)
- specific allowance (net)	254,431	86,121	722,606	651,853
- general allowance (net)	16,414	(13,277)	104,997	24,567
Bad debts written off	-	-	5	475
Bad debts recovered	(61,296)	(22,794)	(330,459)	(100,102)
Write back on amount recoverable from Danaharta	-	-	-	(3,167)
Specific allowance for other debtors	1,311	(68)	2,447	489
	<u>210,860</u>	<u>49,982</u>	<u>499,596</u>	<u>574,115</u>
A13. INCPS Dividends				
<u>Group</u>				
INCPS dividends paid and payable				
- 10% per annum (gross)	-	26,988	-	109,597
	<u>-</u>	<u>26,988</u>	<u>-</u>	<u>109,597</u>



**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at 31 Dec 2008	As at 31 Dec 2007
	RM'000	RM'000
A14. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	1,039,468	200,497
Malaysian government treasury bills	156,842	19,657
Malaysian government investment issues	143,706	353,081
Bank Negara Malaysia ('BNM') monetary notes	856,920	396,106
Cagamas bonds	-	19,272
Khazanah bonds	11,367	202,813
Bankers' acceptances and Islamic accepted bills	307,712	800,263
Negotiable instrument of deposits	829,367	1,278,675
Singapore government securities	-	103,306
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	32,615	56,553
Unit trust	3,929	2,335
Outside Malaysia		
Shares	3,189	7,581
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	1,862,000	2,079,537
Outside Malaysia		
Private debt securities	-	20,048
Structured notes	78,851	-
Fixed rate notes	-	221,421
	<u>5,325,966</u>	<u>5,761,145</u>



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	Group	
	As at	As at
	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A15. Securities Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	687,425	219,972
Malaysian government investment issues	428,666	18,257
Malaysian government treasury bills	-	196,667
BNM monetary notes	7,968	1,618,338
Cagamas bonds and Cagamas Mudharabah bonds	119,451	410,370
Khazanah bonds	-	9,738
Negotiable instrument of deposits	112,912	1,262,834
Bankers' acceptances and Islamic accepted bills	-	34,044
Singapore government securities	263,895	81,010
Singapore government treasury bills	143,996	285,910
Thailand government bonds	20,402	-
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	23,869	75,981
Shares	5,338	9,957
Warrants	695	-
Outside Malaysia		
Shares	5	11
Floating rate notes	-	156
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	3,840,047	3,009,646
Shares	168,499	167,979
Corporate loan stocks	162,909	105,077
Outside Malaysia		
Private debt securities	61,674	11,556
Corporate loan stocks	2,432	2,315
Structured notes	162,531	154,440
	<u>6,212,714</u>	<u>7,674,258</u>



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	Group	
	As at	As at
	31 Dec 2008	31 Dec 2007
	RM'000	RM'000
A16. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	1,912,922	1,364,197
Malaysian government investment issues	592,585	82,774
Cagamas bonds and Cagamas Mudharabah bonds	848,571	819,407
Khazanah bonds	281,839	570,490
Negotiable instrument of deposits	2,116,307	774,095
Singapore government securities	119,660	-
Thailand government securities	225,603	247,568
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	1,660,224	1,193,992
Corporate loan stocks	70,589	87,316
Bonds	27,201	27,201
Shares	2,700	2,700
Prasarana bonds	1,855,582	1,978,309
Outside Malaysia		
Floating rate notes	39,194	37,370
Private debt securities	20,601	-
Structured notes	74,964	100,000
	<u>9,848,542</u>	<u>7,285,419</u>
Accumulated impairment loss	<u>(231,730)</u>	<u>(243,939)</u>
	<u><u>9,616,812</u></u>	<u><u>7,041,480</u></u>



RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at	As at
	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A17. Loans, Advances and Financing		
Overdrafts	6,463,296	6,259,416
Term loans/financing		
- housing loans/financing	13,578,913	12,608,753
- syndicated term loans/financing	2,851,708	2,128,744
- hire-purchase receivables	10,853,474	9,856,706
- lease receivables	240,857	264,807
- other term loans/financing	14,467,930	12,689,939
Bills receivable	1,576,790	2,282,049
Trust receipts	504,202	465,381
Claims on customers under acceptance credits	6,074,089	5,044,613
Staff loans/financing	377,252	391,729
Credit/charge cards receivables	2,104,609	1,630,493
Revolving credits	5,668,471	4,645,240
	<u>64,761,591</u>	<u>58,267,870</u>
Unearned interest and income	<u>(1,600,817)</u>	<u>(1,453,768)</u>
Gross loans, advances and financing	<u>63,160,774</u>	<u>56,814,102</u>
Allowance for bad and doubtful debts and financing		
- general	(1,106,697)	(999,186)
- specific	(1,457,957)	(1,260,265)
Net loans, advances and financing	<u><u>60,596,120</u></u>	<u><u>54,554,651</u></u>

Included in term loans are housing loans and hire-purchase receivables sold to Cagamas with recourse amounting to RM1,173,754,000 (2007: RM1,854,873,000).

(a) By type of customers

Domestic non-bank financial institutions		
- others	623,891	717,257
Domestic business enterprises		
- small medium enterprises	10,559,463	8,556,747
- others	21,249,115	20,629,923
Government and statutory bodies	109,406	224,665
Individuals	26,020,910	23,514,044
Other domestic entities	29,320	21,204
Foreign entities		
- Malaysia operation	1,152,232	551,240
- Singapore operation	2,968,173	2,224,271
- Thailand operation	301,795	249,332
- Brunei operation	146,469	125,419
	<u>63,160,774</u>	<u>56,814,102</u>



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	Group	
	As at 31 Dec 2008	As at 31 Dec 2007
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(b) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,737,043	1,731,614
- hire-purchase receivables	9,419,595	8,430,436
- other fixed rate loans/financing	4,362,495	3,498,681
Variable rate		
- base lending rate plus	22,895,096	20,339,184
- cost-plus	19,167,016	17,337,990
- other variable rates	5,579,529	5,476,197
	<u>63,160,774</u>	<u>56,814,102</u>
(c) By purpose		
Purchase of securities	2,062,553	2,268,943
Purchase of transport vehicles	7,505,560	6,567,105
Purchase of landed property:		
- residential	14,089,035	13,152,861
- non-residential	3,003,469	2,215,150
Purchase of property, plant and equipment other than land and building	4,043,123	2,773,449
Personal use	1,998,894	2,152,457
Credit card	2,104,609	1,630,493
Purchase of consumer durables	74,569	92,947
Construction	2,077,193	1,633,169
Working capital	24,468,116	21,904,612
Other purpose	1,733,653	2,422,916
	<u>63,160,774</u>	<u>56,814,102</u>



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	Group	
	As at	As at
	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(d) NPLs by purpose		
Purchase of securities	50,494	55,513
Purchase of transport vehicles	225,720	270,881
Purchase of landed property:		
- residential	1,048,642	1,057,187
- non-residential	140,924	153,936
Purchase of property, plant and equipment other than land and building	81,098	68,441
Personal use	105,419	125,543
Credit card	56,368	44,725
Purchase of consumer durables	4,403	6,605
Construction	114,410	126,788
Working capital	1,004,891	1,234,212
Other purpose	7,749	21,462
	<u><u>2,840,118</u></u>	<u><u>3,165,293</u></u>



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	Group	
	As at 31 Dec 2008	As at 31 Dec 2007
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(e) Movements in NPLs are as follows:		
Balance as at the beginning of the financial year	3,165,293	4,277,037
Classified as non-performing during the financial year	3,206,526	3,467,477
Amount recovered	(504,970)	(1,015,758)
Reclassified as performing during the financial year	(2,564,643)	(2,430,980)
Amount written off	(465,166)	(1,115,789)
Loans/financing converted to securities	-	(15,586)
Exchange difference	3,078	(1,108)
Balance as at the end of the financial year	<u>2,840,118</u>	<u>3,165,293</u>
Specific allowance	<u>(1,457,957)</u>	<u>(1,260,265)</u>
Net NPLs	<u><u>1,382,161</u></u>	<u><u>1,905,028</u></u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u><u>2.2%</u></u>	<u><u>3.4%</u></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 year	999,186	976,214
Net allowance made during the financial year	104,997	24,567
Exchange difference	2,514	(1,595)
Balance as at the end of the financial year	<u>1,106,697</u>	<u>999,186</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.8%</u></u>	<u><u>1.8%</u></u>
<u>Specific allowance</u>		
Balance as at the beginning of the financial year	1,260,265	1,755,408
Allowance made during the financial year	937,219	1,061,428
Transferred to accumulated impairment loss in value of securities	-	(11,128)
Amount recovered	(214,613)	(409,575)
Amount written off	(526,468)	(1,135,450)
Exchange difference	1,554	(418)
Balance as at the end of the financial year	<u>1,457,957</u>	<u>1,260,265</u>



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	Group		Company	
	As at	As at	As at	As at
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
A18. Other Assets				
Other debtors, deposits and prepayments	343,351	462,091	33,740	32,851
Accrued interest receivable	206,097	187,176	66	52
	<u>549,448</u>	<u>649,267</u>	<u>33,806</u>	<u>32,903</u>

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

A19. Deposits from Customers

(a) By type of deposits

Demand deposits	17,241,377	17,106,591
Savings deposits	5,393,709	5,153,557
Fixed deposits	50,963,753	52,971,787
Negotiable instrument of deposits	363,385	561,296
	<u>73,962,224</u>	<u>75,793,231</u>

(b) By type of customers

Government and statutory bodies	5,419,837	4,734,585
Business enterprises	41,155,294	45,436,540
Individuals	24,644,304	23,477,921
Others	2,742,789	2,144,185
	<u>73,962,224</u>	<u>75,793,231</u>

A20. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	5,216,205	3,757,638
Licensed investment banks	262,650	458,605
BNM	888,472	2,205,622
Other financial institutions	2,314,820	2,248,466
	<u>8,682,147</u>	<u>8,670,331</u>



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	Group		Company	
	As at	As at	As at	As at
	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	RM'000	RM'000	RM'000	RM'000
A21. Other Liabilities				
Accrued interest payable	446,528	469,417	49,052	30,416
Other creditors and accruals	511,556	673,519	4,222	6,605
General insurance fund	184,196	157,972	-	-
Short term employee benefits	182,654	134,108	-	-
Lessee deposits	79,704	85,260	-	-
Prepaid instalment	82,327	71,352	-	-
Remisiers' trust deposits	9,579	12,761	-	-
Amount due to Danaharta	1,782	1,828	-	-
Hire-purchase creditors	146	706	146	706
Amount payable for creation of units due to funds	298	-	-	-
	<u>1,498,770</u>	<u>1,606,923</u>	<u>53,420</u>	<u>37,727</u>



**RHB CAPITAL BERHAD (312952 – H)
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A22. Segment Information

Revenue and Results

31 December 2008

	Corporate & Investment banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic banking RM'000	International banking RM'000	Others RM'000	Intersegment elimination RM'000	Total RM'000
Group								
External revenue	1,110,160	2,742,100	1,605,604	281,007	225,955	35,945	-	6,000,771
Intersegment revenue	7,948	17,911	39,507	2,317	2,999	13,668	(84,350)	-
Segment revenue	<u>1,118,108</u>	<u>2,760,011</u>	<u>1,645,111</u>	<u>283,324</u>	<u>228,954</u>	<u>49,613</u>	<u>(84,350)</u>	<u>6,000,771</u>
Profit before unallocated expenses	305,232	808,120	576,295	171,441	29,409	1,426	-	1,891,923
Unallocated expenses								(469,834)
Profit after unallocated expenses								1,422,089
Share of results of associates								424
Share of results of joint venture								(64)
Profit before taxation								<u>1,422,449</u>
Taxation								<u>(372,694)</u>
Net profit for the financial year								<u><u>1,049,755</u></u>



**RHB CAPITAL BERHAD (312952 – H)
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A22. Segment Information (continued)

Revenue and Results

31 December 2007

	Corporate & Investment banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic banking RM'000	International banking RM'000	Others RM'000	Intersegment elimination RM'000	Total RM'000
Group								
External revenue	1,148,183	2,708,780	1,660,402	328,323	261,211	49,922	-	6,156,821
Intersegment revenue	8,142	17,677	32,309	294	2,422	23,793	(84,637)	-
Segment revenue	1,156,325	2,726,457	1,692,711	328,617	263,633	73,715	(84,637)	6,156,821
Profit before unallocated expenses	240,552	801,494	399,157	211,839	95,641	13,404	-	1,762,087
Unallocated expenses								(515,795)
Profit after unallocated expenses								1,246,292
Share of results of associates								218
Profit before INCPS dividends and taxation								1,246,510
INCPS dividends								(109,597)
Profit after INCPS dividends and before taxation								1,136,913
Taxation								(314,848)
Net profit for the financial year								822,065



**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.

A25. Changes in Composition of the Group

The significant changes in the composition of the Group for the financial year ended 31 December 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 RHB Bank, which in turn is a wholly-owned subsidiary of the Company, 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.

The disposal did not have any material effect on the consolidated earnings or net assets of the Group for the financial year ended 31 December 2008.

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

The Company announced on 25 March 2008 that the following wholly-owned subsidiaries of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, have commenced members' voluntary winding-up on 25 March 2008 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 aforesaid subsidiaries are deemed to be dissolved on 22 January 2009 and ceased to be indirect wholly-owned subsidiaries of the Company following the expiration of three months after the lodgement of the Return by Liquidator Relating To Final Meeting to the Companies Commission of Malaysia ('CCM') and the Official Receiver pursuant to Section 272 (5) of the Companies Act, 1965 ('the Act'). The aforesaid dissolution will not have any material effect on the earnings and net tangible assets of the Company for the financial year ending 31 December 2009.



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A25. Changes in Composition of the Group (Continued)

(c) Dissolution of Kwong Yik Nominees (Tempatan) Sdn Bhd ('KYNT'), Kwong Yik Nominees (Asing) Sdn Bhd ('KYNA'), KYB Trust Management Sdn Bhd ('KYBTM'), RHB Bena Sdn Bhd ('RHB Bena') and RHB Dynamic Technologies Sdn Bhd ('RHBDT')

The Company announced on 17 November 2008 that KYNT, KYNA, KYBTM, RHB Bena and RHBDT have been dissolved at the expiration of three months after the lodgement of the Return by Liquidator Relating To Final Meeting to the CCM and the Official Receiver pursuant to Section 272(5) of the Act.

KYNT, KYNA, KYBTM, RHB Bena and RHBDT have ceased to be wholly-owned subsidiaries of the Company.

The dissolution of these subsidiaries did not have any material effect on the Group's performance for the financial year ended 31 December 2008.

(c) Acquisition of 49% stake in Vietnam Securities Corporation ('VSEC')

On 21 November 2008, the acquisition of 49% stake in VSEC was completed upon fulfillment and satisfaction of all conditions precedent under the Share Subscription Agreement. Refer to B8(b) for further details on the terms and conditions of acquisition of VSEC.



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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 condensed financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	Group					
	As at 31 Dec 2008			As at 31 Dec 2007		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,389,294	2,389,294	2,024,897	1,934,342	1,934,342	1,735,900
Transaction-related contingent items	2,119,930	1,059,966	766,891	2,148,577	937,788	630,851
Short term self-liquidating trade-related contingencies	1,694,141	338,829	221,320	2,591,345	518,269	345,287
Obligations under underwriting agreements	399,900	199,950	164,815	577,900	213,620	213,620
Other assets sold with recourse and commitments with certain drawdown	41,544	41,544	8,309	2,514	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	25,933,455	282,115	281,034	25,146,610	-	-
- maturity exceeding one year	4,958,351	2,479,176	2,250,946	3,998,690	1,999,345	1,807,986
Foreign exchange related contracts						
- less than one year	9,344,283	229,785	82,948	9,267,919	163,635	46,240
- one year to less than five years	9,364	1,063	396	8,970	1,153	412
- more than five years	1,381,000	204,225	71,014	925,960	161,555	66,503
Interest rate related contracts						
- less than one year	2,009,714	4,342	1,014	2,867,590	5,174	1,185
- one year to less than five years	8,625,522	438,681	90,956	5,657,810	125,013	29,552
- more than five years	449,215	48,583	10,463	347,060	26,981	6,231
Others	1,379,211	3,718	3,718	1,133,627	-	-
	60,734,924	7,721,271	5,978,721	56,608,914	6,086,875	4,883,767

* 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)

(a) Commitments and Contingencies (continued)

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.

RHB 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, RHB 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.

(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 condensed financial statements for the financial year ended 31 December 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 against RHB Securities Sdn Bhd ('RHB Securities'). With effect from 30 December 2006, the assets and liabilities of RHB Securities including this suit have been vested into RHB Investment Bank pursuant to a vesting order of the High Court. Subsequently, RHB Securities was renamed as RHB Excel Sdn Bhd ('RHB Excel') on 9 January 2007.



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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)

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.

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
31 Dec 2008	31 Dec 2007
RM'000	RM'000

A27. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	57,092	27,961
- authorised but not contracted for	68,660	77,565
	125,752	105,526



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A28. Interest/Profit Rate Risk

Group As at 31 Dec 2008	Non-trading book			Over 5 years RM'000	Non-interest bearing RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000					
Assets								
Cash and short term funds	13,385,338	-	-	-	961,113	-	14,346,451	3.30
Securities purchased under resale agreements	106,565	-	-	-	-	-	106,565	3.51
Deposits and placements with banks and other financial institutions	36,732	451,414	58,634	8,346	-	-	555,126	3.37
Securities								
- held-for-trading	-	-	-	-	14,363	5,311,603	5,325,966	4.05
- AFS	542,617	130,108	354,283	2,879,845	195,820	-	6,212,714	5.07
- held-to-maturity	1,313,696	726,877	2,098,220	3,619,854	(229,006)	-	9,616,812	4.10
Loans, advances and financing								
- performing	36,365,436	7,868,907	5,107,229	6,159,217	81	-	60,320,656	6.64
- non-performing*	-	-	-	-	275,464	-	275,464	2.21
Clients' and brokers' balances	87,944	-	-	-	87,359	-	175,303	2.69
Other assets	1,895	-	38	217	546,879	-	549,448	
Derivative assets	-	-	-	-	-	380,161	380,161	
Statutory deposits	-	-	-	-	1,579,678	-	1,579,678	
Tax recoverable	-	-	-	-	94,929	-	94,929	
Deferred tax assets	-	-	-	-	275,016	-	275,016	
Investments in associates	-	-	-	-	11,137	-	11,137	
Investments in joint venture	-	-	-	-	26,349	-	26,349	
Prepaid land lease	-	-	-	-	102,779	-	102,779	
Property, plant and equipment	-	-	-	-	792,046	-	792,046	
Goodwill	-	-	-	-	3,786,169	-	3,786,169	
Total assets	51,840,223	9,177,306	7,618,404	12,667,479	8,520,176	5,691,764	104,532,769	

* 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 December 2008	Up to 1 month		> 1-3 months		> 3-12 months		>1-5 years		Over 5 years		Non-interest bearing		Trading book RM'000	Total RM'000	Effective interest rate %
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Liabilities and equity															
Deposits from customers	35,121,857	7,631,696	14,362,490	688,176	-	16,158,005	-	73,962,224	-	-	-	-	-	73,962,224	3.01
Deposits and placements of banks and other financial institutions	5,642,071	1,591,100	854,550	571,268	22,037	1,121	-	8,682,147	-	-	-	-	-	8,682,147	3.31
Bills and acceptances payable	1,724,912	2,165,463	825,119	-	-	220,018	-	4,935,512	-	-	-	-	-	4,935,512	3.70
Clients' and brokers' balances	-	-	-	-	-	289,053	-	289,053	-	-	-	-	-	289,053	5.40
Other liabilities	16	32	98	-	-	1,498,624	-	1,498,770	-	-	-	-	-	1,498,770	5.40
Derivative liabilities	-	-	-	-	-	-	-	384,879	-	-	-	-	-	384,879	4.87
Recourse obligation on loans sold to Cagamas	87,146	-	372,367	714,241	-	-	-	1,173,754	-	-	-	-	-	1,173,754	4.87
Taxation	-	-	-	-	-	91,196	-	91,196	-	-	-	-	-	91,196	5.18
Deferred tax liabilities	-	-	-	-	-	1,760	-	1,760	-	-	-	-	-	1,760	5.19
Borrowings	1,904,670	735,975	-	791,889	-	-	-	3,432,534	-	-	-	-	-	3,432,534	5.18
Subordinated obligations	-	-	-	1,540,000	700,000	-	-	2,240,000	-	-	-	-	-	2,240,000	5.19
Total liabilities	44,480,672	12,124,266	16,414,624	4,305,574	722,037	18,259,777	384,879	96,691,829	-	-	-	-	-	96,691,829	
Total equity	-	-	-	-	-	7,840,940	-	7,840,940	-	-	-	-	-	7,840,940	
Total liabilities and equity	44,480,672	12,124,266	16,414,624	4,305,574	722,037	26,100,717	384,879	104,532,769	384,879	384,879	384,879	384,879	384,879	104,532,769	
On-balance sheet interest sensitivity gap	7,359,551	(2,946,960)	(8,796,220)	8,361,905	8,295,380										
Off-balance sheet interest sensitivity gap	(70,872)	(76,984)	(477,498)	(737,446)	127,592										
Total interest-sensitivity gap	7,288,679	(3,023,944)	(9,273,718)	7,624,459	8,422,972										



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

A28. Interest/Profit Rate Risk (continued)

Company As at 31 December 2008	Non-trading book			Non-interest bearing	Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets							
Cash and short term funds	20,000	-	-	619	-	20,619	3.15
Deposits and placements with banks and other financial institutions	-	750	503	-	-	1,253	3.34
Other assets	-	-	-	33,806	-	33,806	
Amounts due from subsidiaries/ related companies	-	-	-	10,319	-	10,319	
Tax recoverable	-	-	-	54,804	-	54,804	
Investments in subsidiaries	-	-	-	8,782,439	-	8,782,439	
Property, plant and equipment	-	-	-	373	-	373	
Total assets	20,000	750	503	8,882,360	-	8,903,613	
Liabilities and equity							
Other liabilities	16	32	98	53,274	-	53,420	5.40
Amounts due to subsidiaries/ related companies	-	-	-	153,093	-	153,093	
Deferred tax liabilities	-	-	-	16	-	16	
Borrowings	1,904,670	80,000	-	791,889	-	2,776,559	5.59
Total liabilities	1,904,686	80,032	98	206,383	-	2,983,088	
Total equity	-	-	-	5,920,525	-	5,920,525	
Total liabilities and equity	1,904,686	80,032	98	6,126,908	-	8,903,613	
Total interest-sensitivity gap	(1,884,686)	(79,282)	405	(791,889)	-	-	



RHB CAPITAL BERHAD (312952 – H)
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A28. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 2007	Up to 1 month			Non-trading book			Non-interest bearing	Trading book	Total	Effective interest rate %
	RM'000	> 1-3 months	> 3-12 months	> 1-5 years	Over 5 years	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	2.46
Clients' and brokers' balances	28,700	-	-	-	-	-	218,170	-	246,870	3.17
Other assets	1,833	-	87	700	958	-	645,689	-	649,267	
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					Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000			
Liabilities and equity								
Deposits from customers	38,183,106	8,953,994	11,984,964	607,575	-	-	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	-	8,670,331	4.08
Bills and acceptances payable	1,480,031	1,544,020	722,161	2,523	-	-	3,959,943	3.74
Clients' and brokers' balances	-	-	-	-	-	-	368,436	-
Other liabilities	31	61	284	330	-	-	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	-
Deferred tax liabilities	-	-	-	-	-	-	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	129,242	98,080,306	
Total equity	-	-	-	-	-	-	7,073,988	
Total liabilities and equity	46,841,143	12,225,517	13,694,294	4,604,623	2,232,587	129,242	105,154,294	
On-balance sheet interest sensitivity gap	5,293,827	(1,067,778)	(6,028,125)	9,068,831	3,424,392	(9,336,751)		
Off-balance sheet interest sensitivity gap	(1,562,381)	424,120	(841,499)	(2,450,651)	69,578	-		
Total interest-sensitivity gap	3,731,446	(643,658)	(6,869,624)	6,618,180	3,493,970	(9,336,751)		



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A28. Interest/Profit Rate Risk (continued)

Company As at 31 Dec 2007	Non-trading book			Non-interest bearing RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000				
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	37,021	-	37,727	5.40
Amounts due to subsidiaries/ related companies	-	-	-	155,329	-	155,329	
Deferred tax liabilities	-	-	-	16	-	16	
Borrowings	656,030	-	-	-	-	1,594,977	6.41
Total liabilities	656,061	62	283	192,366	-	1,788,049	
Total equity	-	-	-	6,112,077	-	6,112,077	
Total liabilities and equity	656,061	62	283	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 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 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	1,008,581	477,564	169,098	69,442	135,437	92,494
Other reserves (exclude AFS reserve)	2,121,478	1,894,070	278,549	278,549	166,005	123,062
Deferred tax (assets)/liabilities	(233,116)	(207,222)	(1,210)	376	(19,960)	(22,956)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	5,318,072	4,585,541	550,803	527,733	804,906	716,024
Tier II capital						
Subordinated obligations	2,000,000	2,495,000	245,000	200,000	-	-
General allowance for bad and doubtful debts	995,859	893,728	8,442	15,278	97,984	82,948
Total Tier II capital	2,995,859	3,388,728	253,442	215,278	97,984	82,948



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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 31 Dec 2008	As at 31 Dec 2007	As at 31 Dec 2008	As at 31 Dec 2007	As at 31 Dec 2008	As at 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	995,859	893,728	8,442	15,278	97,984	82,948
Maximum allowable total Tier II capital	2,995,859	3,186,499	253,442	215,278	97,984	82,948
Less:						
Investment in subsidiaries	(628,640)	(628,640)	(58,270)	(48,270)	-	-
Investment in joint venture	-	-	(27,399)	-	-	-
Holdings of other financial institutions capital	-	(38,625)	-	(25,000)	-	-
Total capital base	7,685,291	7,104,775	718,576	669,741	902,890	798,972
<u>Before deducting proposed dividends</u>						
Core capital ratio	8.7%	8.3%	19.3%	14.6%	12.1%	16.0% *
Risk-weighted capital adequacy ratio ('RWCR')	12.6%	12.8%	25.1%	18.6%	13.6%	17.9%
<u>After deducting proposed dividends</u>						
Core capital ratio	8.5%	8.3%	17.1%	14.6%	12.1%	16.0%
Risk-weighted capital adequacy ratio	12.4%	12.8%	23.0%	18.6%	13.6%	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.

@ The capital adequacy ratios are computed in accordance with the Standardised Approach of BNM's revised Risk-Weighted Capital Adequacy Framework for Credit and Market Risk, and the Basic Indicator Approach for Operational Risk ('Basel II'). Had the Basel II framework been applied in previous financial year, the core capital ratio and RWCR for RHB Investment Bank as at 31 December 2007 would be 13.7% and 17.4% respectively while, the core capital ratio and RWCR for RHB Islamic Bank would be 12.8% and 14.3% respectively.

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.

RHB Bank's figure include the operations of RHB Bank (L) Ltd.



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B1. Review of Group Results

For the financial year ended 31 December 2008, the Group recorded a profit before taxation of RM1,422.4 million, 25% higher than that of the previous financial year of RM1,136.9 million.

The higher profit was mainly due to higher net interest income by RM117.4 million, lower impairment loss by RM51.9 million and lower allowance for losses on loans and financing by RM74.5 million as bad debts recoveries improved; partly offset by lower other operating income by RM13.5 million, lower income from Islamic Banking business by RM47.3 million and higher other operating expenses by RM7.3 million respectively.

B2. Changes in Profit for the Quarter

For the fourth quarter ended 31 December 2008, the Group recorded a profit before taxation of RM262.0 million as compared to RM488.7 million recorded in the preceding quarter ended 30 September 2008. The lower profit was mainly due to higher other operating expenses by RM69.3 million and higher allowance for losses on loans and financing by RM227.8 million, partly offset by higher other operating income by RM37.1 million and lower impairment loss by RM7.7 million respectively. The higher allowance for losses on loans and financing was mainly due to a one off bad debt recovery of approximately RM150 million recorded in the previous quarter and more prudent provisioning was made in anticipation of a potential deterioration in asset quality that may be brought about by the global economic slow down.

B3. Prospects for the Financial Year Ending 31 December 2009

Year 2009 is expected to be a challenging year for the banking industry given the prospects of a sharper and more prolonged global economic downturn leading to potential threats to asset quality and demand for banking products and services. The GDP growth rate for Malaysia in 2009 is expected to be lower than 2008. However, with the proactive measures undertaken by the Government and Bank Negara Malaysia in the introduction of a stimulus package to cushion the downturn as well as reduction in the interest rates, the Group is optimistic that there will be continued loan growth and demand for banking products and services, albeit at a slower rate. The Group will remain focused on building its competitiveness and look for opportunities during this more challenging period to move ahead of the competition.

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.

B5. Taxation	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial year				
- Malaysian income tax	60,038	77,772	389,799	350,864
- overseas tax	2,332	3,109	4,116	5,900
Deferred tax	10	13,210	(21,936)	(8,838)
Tax on INCPS dividends	-	(7,519)	-	(29,613)
	62,380	86,572	371,979	318,313
Under/(over) provision in respect of prior years	2,879	5,176	715	(3,465)
	65,259	91,748	372,694	314,848



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B5. Taxation (continued)

The effective tax rate of the Group for the fourth quarter ended 31 December 2008 was lower than the statutory tax rate mainly due to certain income not taxable for tax purposes.

The effective tax rate of the Group for the financial year ended 31 December 2008 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial year				
- Malaysian income tax	(4,713)	264,162	29,463	343,685
Deferred tax	-	(29)	-	(29)
	<u>(4,713)</u>	<u>264,133</u>	<u>29,463</u>	<u>343,656</u>
Under provision in respect of prior years	159	-	159	-
	<u>(4,554)</u>	<u>264,133</u>	<u>29,622</u>	<u>343,656</u>

The effective tax rate of the Company for the fourth quarter ended 31 December 2008 was lower than the statutory tax rate mainly due to the utilisation of allowable interest expense carried forward from previous financial quarters.

The effective tax rate of the Company for the financial year ended 31 December 2008 was lower than the statutory tax rate mainly due to certain tax-exempt dividend income received.

B6. Purchase and Sale of Quoted Securities

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



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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)

- (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 had 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.

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.

On 10 October 2008, the Company announced that the SC had, vide its letter dated 30 September 2008, granted approval for an extension of time up to 10 October 2009 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.



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B8. Status of Corporate Proposals (continued)

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

On 10 September 2008, the Company announced that BNM had approved the Proposed Subscription, subject to RHB Investment Bank obtaining the necessary approvals from the Vietnam regulator(s) and shall fully comply with Vietnam's applicable laws and regulations.

On 13 October 2008, the Company announced that the SC had, vide its letter dated 7 October 2008, approved the Proposed Subscription subject to the conditions as contained therein. In the same announcement, the Company also announced that the State Securities Commission of Vietnam had, vide its letter dated 8 October 2008, approved the Proposed Subscription.

On 24 November 2008, the Company announced that the Proposed Subscription is deemed completed on 21 November 2008 upon fulfillment and satisfaction of all conditions precedent under the SSA dated 28 March 2008.

(c) 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 the 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.

(d) Proposed Issuance of up to RM1.1 billion in nominal value Commercial Papers and/or Medium Term Notes Under a Commercial Paper/Medium Term Note Programme ('CP/MTN Programme') by RHB Capital.

The Company announced on 11 December 2008 that the SC had on 2 December 2008, approved the proposed issuance of up to RM1.1 billion nominal value of commercial papers and/or medium term notes (collectively referred to as 'the Notes') under a CP/MTN Programme by RHB Capital, subject to the terms and conditions stated therein.

On 17 December 2008, the Company announced that BNM, vide its letter dated 16 December 2008 had no objection for RHB Capital to issue up to RM1.1 billion of the Notes under the CP/MTN Programme.

The CP/MTN Programme will not have any material effect on the earnings and net tangible assets of the Company for the financial year ending 31 December 2009.

The Company has yet to issue the said CP/MTN as at to date.



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

	Group			
	As at 31 Dec 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)	73,274,049		75,185,655	
- more than one year (medium/long term)	688,175		607,576	
	<u>73,962,224</u>		<u>75,793,231</u>	
Deposits and placements of banks and other financial institutions				
- one year or less (short term)	8,088,842		7,891,741	
- more than one year (medium/long term)	593,305		778,590	
	<u>8,682,147</u>		<u>8,670,331</u>	
	Group		Company	
	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000	As at 31 Dec 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	743,800	-	743,800	-
Overdrafts	870	30	870	30
Term loans - RM	750,000	396,000	750,000	396,000
Term loan - USD	655,975	330,700	-	-
RM600 million 6 years				
Serial Fixed Rate Bonds	597,927	596,363	597,927	596,363
RM350 million				
Fixed Rate Bonds	343,962	342,584	343,962	342,584
RM150 million 7 years				
Commercial Papers/ Medium Term Notes	80,000	-	80,000	-
	<u>3,432,534</u>	<u>1,925,677</u>	<u>2,776,559</u>	<u>1,594,977</u>
Schedule repayment of borrowings:				
Within one year	230,195	689,099	195,670	656,029
One year to three years	2,277,764	364,884	2,156,927	298,744
Three years to five years	562,062	706,344	423,962	640,204
Over five years	362,513	165,350	-	-
	<u>3,432,534</u>	<u>1,925,677</u>	<u>2,776,559</u>	<u>1,594,977</u>



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

	Group	
	As at	As at
	31 Dec 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 31 December 2008

Group

Items	Principal amount RM'000	1 month or less RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 5 years RM'000	> 5 years RM'000	Margin requirement RM'000
Foreign exchange related contracts								
- forwards	3,845,190	1,548,297	1,333,416	708,657	254,820	-	-	-
- swaps	4,977,173	3,525,268	999,286	386,574	66,045	-	-	-
- options	121,635	63,321	30,435	22,656	5,223	-	-	-
- spots	400,285	400,285	-	-	-	-	-	-
- cross-currency interest rate swaps	1,390,364	-	-	-	-	9,364	1,381,000	-
Interest rate related contracts								
- futures	1,980,000	-	250,000	250,000	490,000	990,000	-	2,376
- swaps	9,104,451	676,109	1,080,000	526,525	264,000	6,379,413	178,404	-
Total	21,819,098	6,213,280	3,693,137	1,894,412	1,080,088	7,378,777	1,559,404	2,376

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

- (a) A proposed gross final dividend of 10.6% less 25% income tax has been proposed for the current financial year:
- (i) Amount per share: 10.6% less 25% income tax
 - (ii) Previous corresponding quarter: Final dividend of 8.6% less 26% income tax
 - (iii) Entitlement date: to be announced later
 - (iv) Payment date: to be announced later
- (b) The total gross dividend per share for the current financial year:
- (i) Interim dividend of 9.0% less 26% income tax
 - (ii) Proposed final dividend of 10.6% less 25% income tax

	4th quarter ended		12 months ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
B13. Earnings per Share				
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>196,899</u>	<u>173,180</u>	<u>1,048,734</u>	<u>712,930</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,153,475</u>	<u>2,153,475</u>	<u>2,153,475</u>	<u>1,988,927</u>
Basic/diluted earnings per share (sen)	<u>9.1</u>	<u>8.0</u>	<u>48.7</u>	<u>35.8</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2008. The potential ordinary shares outstanding as at 31 December 2007 were anti-dilutive and excluded from the diluted earnings per share calculation. As a result, the diluted earnings per share was equal to the basic earnings per share for the financial year ended 31 December 2008.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

24 February 2009