



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF AUDITED RESULTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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 2009 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	4th quarter ended		Twelve months ended	
		31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,057,521	1,164,701	4,173,684	4,772,060
Interest expense	A9	(423,646)	(592,450)	(1,760,450)	(2,555,717)
Net interest income		633,875	572,251	2,413,234	2,216,343
Other operating income	A10	248,108	264,143	925,598	947,704
		881,983	836,394	3,338,832	3,164,047
Income from Islamic Banking business		85,209	80,654	326,164	281,007
Net operating income		967,192	917,048	3,664,996	3,445,054
Other operating expenses	A11	(469,735)	(437,089)	(1,565,789)	(1,513,005)
Operating profit before allowances		497,457	479,959	2,099,207	1,932,049
Allowance for losses on loans and financing impairment loss	A12	(110,899)	(210,860)	(578,808)	(499,596)
		(9,515)	(7,093)	17,558	(10,364)
		377,043	262,006	1,537,957	1,422,089
Share of results of associates		11	12	43	424
Share of results of a joint venture		62	(64)	420	(64)
Profit before taxation		377,116	261,954	1,538,420	1,422,449
Taxation	B5	(39,178)	(65,259)	(329,814)	(372,694)
Net profit for the financial period/year		337,938	196,695	1,208,606	1,049,755
Attributable to:					
- Equity holders of the Company		336,384	196,899	1,201,363	1,048,734
- Minority interests		1,554	(204)	7,243	1,021
		337,938	196,695	1,208,606	1,049,755
Earnings per share					
- Basic (sen)	B13	15.6	9.1	55.8	48.7
- Diluted (sen)	B13	15.6	9.1	55.8	48.7

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Note	4th quarter ended		Twelve months ended	
		31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	400	99	483	1,465
Interest expense	A9	(34,914)	(39,695)	(137,104)	(149,424)
Net interest expense		<u>(34,514)</u>	<u>(39,596)</u>	<u>(136,621)</u>	<u>(147,959)</u>
Other operating income	A10	86	1,149	308,591	297,050
Net operating (loss)/income		<u>(34,428)</u>	<u>(38,447)</u>	<u>171,970</u>	<u>149,091</u>
Other operating expenses	A11	(10,585)	(4,564)	(24,761)	(30,552)
(Loss)/Profit before taxation		<u>(45,013)</u>	<u>(43,011)</u>	<u>147,209</u>	<u>118,539</u>
Taxation	B5	9,002	4,554	(41,765)	(29,622)
Net (loss)/profit for the financial period/year		<u><u>(36,011)</u></u>	<u><u>(38,457)</u></u>	<u><u>105,444</u></u>	<u><u>88,917</u></u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
Group			
ASSETS			
Cash and short term funds		16,675,261	14,346,451
Securities purchased under resale agreements		1,594,210	106,565
Deposits and placements with banks and other financial institutions		2,219,270	555,126
Securities held-for-trading	A13	860,216	5,325,966
Securities available-for-sale ('Securities AFS')	A14	9,092,421	6,212,714
Securities held-to-maturity	A15	10,980,145	9,616,812
Loans, advances and financing	A16	66,923,091	60,596,120
Clients' and brokers' balances		249,667	175,303
Other assets	A17	706,414	549,448
Derivative assets		221,429	380,161
Statutory deposits		310,156	1,579,678
Tax recoverable		92,316	94,929
Deferred tax assets		272,261	275,016
Investments in associates		11,180	11,137
Investments in a joint venture		25,976	26,349
Prepaid land lease		103,569	102,779
Property, plant and equipment		827,582	792,046
Goodwill		3,786,218	3,786,169
Total assets		114,951,382	104,532,769
LIABILITIES AND EQUITY			
Deposits from customers	A18/B9(a)	84,841,065	73,962,224
Deposits and placements of banks and other financial institutions	A19/B9(a)	7,416,025	8,682,147
Bills and acceptances payable		3,802,522	4,935,512
Clients' and brokers' balances		401,857	289,053
Other liabilities	A20	1,646,243	1,498,770
Derivative liabilities		232,354	384,879
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,168,826	1,173,754
Taxation		40,463	91,196
Deferred tax liabilities		177	1,760
Borrowings	B9(b)	3,829,672	3,432,534
Subordinated obligations	B9(c)	2,240,000	2,240,000
Hybrid Tier-1 Capital Securities	B9(d)	591,996	-
Total liabilities		106,211,200	96,691,829
Share capital		2,153,475	2,153,475
Reserves		6,554,266	5,660,952
		8,707,741	7,814,427
Minority interests		32,441	26,513
Total equity		8,740,182	7,840,940
Total liabilities and equity		114,951,382	104,532,769
Commitments and contingencies	A25(a)	67,234,183	60,734,924
Net assets per share attributable to equity holders of the Company (RM)		4.04	3.63

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	As at <u>31 Dec 2009</u> RM'000	As at <u>31 Dec 2008</u> RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		100,919	20,619
Deposits and placements with banks and other financial institutions		860	1,253
Other assets	A17	153,049	33,806
Amounts due from subsidiaries		10,603	10,319
Tax recoverable		73,717	54,804
Deferred tax assets		19	-
Investments in subsidiaries		8,785,389	8,782,439
Property, plant and equipment		330	373
Total assets		<u>9,124,886</u>	<u>8,903,613</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	61,833	53,420
Amounts due to subsidiaries		155,288	153,093
Deferred tax liabilities		-	16
Borrowings	B9(b)	3,133,752	2,776,559
Total liabilities		<u>3,350,873</u>	<u>2,983,088</u>
Share capital		2,153,475	2,153,475
Reserves		3,620,538	3,767,050
Total equity		<u>5,774,013</u>	<u>5,920,525</u>
Total liabilities and equity		<u>9,124,886</u>	<u>8,903,613</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	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 2009	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
Currency translation differences	-	-	-	-	-	2,685	-	2,685	-	2,685
Unrealised net loss on revaluation of securities AFS	-	-	-	-	(48,743)	-	-	(48,743)	(412)	(49,155)
Net transfer to income statement on disposal or impairment	-	-	-	-	(29,728)	-	-	(29,728)	708	(29,020)
Deferred tax	-	-	-	-	19,693	-	-	19,693	(73)	19,620
Income and expenses recognised directly in equity	-	-	-	-	(58,778)	2,685	-	(56,093)	223	(55,870)
Net profit for the financial year	-	-	-	-	-	-	1,201,363	1,201,363	7,243	1,208,606
Total income and expenses recognised for the financial year	-	-	-	-	(58,778)	2,685	1,201,363	1,145,270	7,466	1,152,736
Transfer in respect of statutory requirements	-	-	301,957	-	-	-	(301,957)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(251,956)	(251,956)	(1,538)	(253,494)
Balance as at 31 December 2009	2,153,475	2,352,093	2,246,611	8,563	(35,993)	(8,190)	1,991,182	8,707,741	32,441	8,740,182

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	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	-	-	-	-	-	(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	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,944,654</u>	<u>8,563</u>	<u>22,785</u>	<u>(10,875)</u>	<u>1,343,732</u>	<u>7,814,427</u>	<u>26,513</u>	<u>7,840,940</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	<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 2009	2,153,475	2,352,093	1,414,957	5,920,525
Net profit for the financial year	-	-	105,444	105,444
Ordinary dividends	-	-	(251,956)	(251,956)
Balance as at 31 December 2009	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,268,445</u>	<u>5,774,013</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>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Twelve months ended	
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
Group		
Operating activities		
Profit before taxation	1,538,420	1,422,449
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(484)	137,051
Operating profit before working capital changes	1,537,936	1,559,500
Net changes in operating assets	(6,324,034)	(2,691,703)
Net changes in operating liabilities	8,732,965	(1,712,243)
Cash generated from/(used in) operations	3,946,867	(2,844,446)
Taxation paid	(414,329)	(460,338)
Taxation recovered	58,586	15,083
Net cash generated from/(used in) operating activities	3,591,124	(3,289,701)
Investing activities		
Increase in investments in subsidiaries	-	(1,506,647)
Purchase of property, plant and equipment	(122,764)	(108,742)
Net purchase of securities	(2,518,286)	(1,091,169)
Interest received from securities	667,502	479,028
Proceeds from disposal of an associate	-	7,069
Investment income received from securities	74,146	24,205
Dividend income received from securities	8,334	10,936
Proceeds from disposal of property, plant and equipment	6,578	141
Investments in a joint venture	-	(27,400)
Acquisition of a subsidiary	(1,658)	-
Deposit for proposed acquisition of PT Bank Mestika Dharma ('Bank Mestika')	(112,515)	-
Capital repayment upon liquidation of a subsidiary	163	-
Net cash used in investing activities	(1,998,500)	(2,212,579)
Financing activities		
Proceeds from issuance of Hybrid Tier-1 Capital Securities	591,834	-
Drawdown of borrowings	1,152,330	2,338,050
Repayment of borrowings	(754,825)	(848,178)
Payment to hire-purchase creditors	(146)	(560)
Net proceeds from issuance of subordinated notes	-	70,000
Redemption of subordinated notes	-	(479,100)
Dividends paid to equity holders of the Company	(251,956)	(280,469)
Dividends paid to minority interests in a subsidiary company	(1,538)	-
Net cash generated from financing activities	735,699	799,743
Net increase/(decrease) in cash and cash equivalents	2,328,323	(4,702,537)
Cash and cash equivalents		
- at the beginning of the financial year	14,345,581	19,048,118
- at the end of the financial year	16,673,904	14,345,581
Cash and cash equivalents comprise the following:		
Cash and short term funds	16,675,261	14,346,451
Overdrafts	(1,357)	(870)
	16,673,904	14,345,581

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



RHB CAPITAL BERHAD (312952 – H)

**CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	Twelve months ended	
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
Company		
Operating activities		
Profit before taxation	147,209	118,539
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(171,685)	(148,135)
Operating loss before working capital changes	(24,476)	(29,596)
Net changes in operating assets	(7,671)	(1,573)
Net changes in operating liabilities	2,237	(2,882)
Cash used in operations	(29,910)	(34,051)
Taxation recovered	16,455	9,177
Net cash used in operating activities	(13,455)	(24,874)
Investing activities		
Dividend income received from subsidiaries	231,506	229,638
Purchase of property, plant and equipment	(243)	(169)
Interest income received	358	1,451
Capital repayment upon liquidation of a subsidiary	163	-
Proceeds from disposal of property, plant and equipment	150	-
Acquisition of a subsidiary	(1,773)	-
Deposit for proposed acquisition of Bank Mestika	(112,515)	-
Increase in investments in subsidiaries	-	(1,506,647)
Capital repayment from a subsidiary	-	75,000
Net cash generated from/(used in) investing activities	117,646	(1,200,727)
Financing activities		
Drawdown of borrowings	1,159,930	1,992,800
Repayment of borrowings	(805,930)	(815,000)
Dividends paid to equity holders of the Company	(251,956)	(280,469)
Interest expense paid	(126,276)	(127,846)
Payment to hire-purchase creditors	(146)	(560)
Net cash (used in)/generated from financing activities	(24,378)	768,925
Net increase/(decrease) in cash and cash equivalents	79,813	(456,676)
Cash and cash equivalents		
- at the beginning of the financial year	19,749	476,425
- at the end of the financial year	99,562	19,749
Cash and cash equivalents comprise the following:		
Cash and short term funds	100,919	20,619
Overdrafts	(1,357)	(870)
	99,562	19,749

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

A1. Basis of Preparation

The condensed financial statements are audited and have 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 2008.

The accounting policies and presentation adopted by the Group and the Company for the condensed financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

There are no new accounting standards, amendments to published standards and interpretations to existing standards that are effective for the Group and the Company for the financial year ended 31 December 2009.

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2008 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The business operations of the Group and the Company 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 2009.

A5. Changes in Estimates

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

A6. Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the year under review except for the issuance of RM370.0 million and RM230.0 million Hybrid Tier-1 Capital Securities by RHB Bank Berhad ('RHB Bank') on 31 March 2009 and 17 December 2009 respectively.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

A7. Dividends Paid

During the financial year ended 31 December 2009, the Company has paid the following dividends:

- (a) a final dividend of 10.6% less 25% income tax amounting to RM171,201,000 in respect of the financial year ended 31 December 2008 on 30 June 2009; and
- (b) an interim dividend of 5.0% less 25% income tax amounting to RM80,755,000 in respect of the financial year ended 31 December 2009 on 30 September 2009.

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2009	2008	2009	2008
	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')	790,187	842,764	3,080,134	3,179,874
- recoveries from NPLs	39,447	34,258	151,422	183,907
Money at call, deposits and placements with financial institutions	72,555	130,691	288,882	748,386
Securities purchased under resale agreements	3,573	(2,351)	6,040	37,932
Securities held-for-trading	5,687	39,058	53,728	170,359
Securities AFS	82,608	54,502	352,141	227,644
Securities held-to-maturity	90,966	87,477	353,692	279,486
Others	6,265	3,875	23,317	16,629
	1,091,288	1,190,274	4,309,356	4,844,217
Accretion of discount less amortisation of premium	(9,325)	705	(30,903)	14,484
Interest suspended	(24,442)	(26,278)	(104,769)	(86,641)
	1,057,521	1,164,701	4,173,684	4,772,060
<u>Company</u>				
Money at call, deposits and placements with financial institutions	400	99	483	1,465



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

A9. Interest Expense

	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Deposits and placements of banks and other financial institutions	20,216	50,576	96,460	249,680
Deposits from customers	305,831	444,975	1,281,283	1,914,593
Obligations on securities sold under repurchase agreements	-	7	-	9
Borrowings	35,316	45,516	144,003	168,016
Subordinated obligations	29,316	29,316	116,310	119,081
Hybrid Tier-1 Capital Securities	8,141	-	23,169	-
Recourse obligation on loans sold to Cagamas	9,620	14,750	43,572	72,982
Others	15,206	7,310	55,653	31,356
	423,646	592,450	1,760,450	2,555,717
<u>Company</u>				
Borrowings	34,906	39,539	137,068	148,515
Others	8	156	36	909
	34,914	39,695	137,104	149,424



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
<u>Group</u>				
Fee income:				
- Service charges and fees	40,103	37,985	149,396	163,762
- Commission	28,529	29,540	116,007	116,977
- Guarantee fees	8,725	10,071	38,821	50,858
- Commitment fees	14,146	11,655	48,930	46,487
- Brokerage	15,806	11,037	66,925	63,221
- Fund management fees	4,803	3,642	17,079	19,711
- Corporate advisory fees	6,988	1,592	13,644	12,483
- Underwriting and arrangement fees	21,149	2,438	40,835	22,888
- Unit trust fee income	128	(2,304)	1,946	2,895
- Other fee income	7,425	2,836	22,371	20,691
	147,802	108,492	515,954	519,973
Net gain/(loss) arising from sale/ redemption of securities and derivatives:				
- Net gain/(loss) from sale of				
- securities held-for-trading	8,323	34,796	39,712	73,229
- securities AFS	6,986	950	13,861	(3,490)
- Net gain from redemption of securities held-to-maturity	724	181	7,101	2,305
- Derivatives	(1,713)	(637)	(7,147)	1,976
	14,320	35,290	53,527	74,020
Unrealised gain/(loss) on revaluation of securities and derivatives:				
- Securities held-for-trading	297	28,717	32,536	(44,481)
- Derivatives	(1,294)	(9,749)	8,790	(1,355)
	(997)	18,968	41,326	(45,836)



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	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	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	396	571	1,939	2,604
- Securities AFS	3,237	434	7,286	9,378
- Securities held-to-maturity	-	44	135	133
	<u>3,633</u>	<u>1,049</u>	<u>9,360</u>	<u>12,115</u>
Other income:				
- Foreign exchange gain/(loss)				
- realised	65,556	73,294	202,910	261,866
- unrealised	(15,679)	3,696	(14,936)	14,491
- Underwriting surplus before management expenses	12,939	8,618	48,144	40,501
- Rental income	1,084	1,183	3,792	3,700
- Gain on disposal of an associate	-	-	-	2,249
- Net gain on disposal of property, plant and equipment	250	91	3,085	98
- Other operating income	11,440	12,046	50,186	52,027
- Other non-operating income	7,760	1,416	12,250	12,500
	<u>83,350</u>	<u>100,344</u>	<u>305,431</u>	<u>387,432</u>
	<u>248,108</u>	<u>264,143</u>	<u>925,598</u>	<u>947,704</u>
<u>Company</u>				
Gross dividend income from:				
- Subsidiaries	-	-	308,674	294,944
Other income:				
- Foreign exchange gain/(loss)				
- unrealised	86	1,267	(395)	1,737
- Net gain on disposal of property, plant and equipment	-	-	149	(4)
- Other operating income	-	-	-	491
- Other non-operating income/(expense)	-	(118)	163	(118)
	<u>86</u>	<u>1,149</u>	<u>(83)</u>	<u>2,106</u>
	<u>86</u>	<u>1,149</u>	<u>308,591</u>	<u>297,050</u>



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	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	188,978	211,940	688,263	717,375
- Defined contribution plan	28,223	31,934	105,022	106,414
- Other staff related costs	19,188	17,763	60,893	62,350
	<u>236,389</u>	<u>261,637</u>	<u>854,178</u>	<u>886,139</u>
Establishment costs				
- Information technology expenses	27,160	17,399	86,314	87,383
- Depreciation	26,423	17,708	84,417	78,704
- Repair and maintenance	10,668	11,453	44,127	47,325
- Rental of premises	10,747	9,381	40,600	35,442
- Water and electricity	4,701	4,927	19,034	17,728
- Rental of equipment	2,974	3,343	11,919	12,681
- Insurance	10,138	4,877	28,762	10,462
- Amortisation of prepaid land lease	128	128	513	510
- Others	902	3,048	5,479	7,948
	<u>93,841</u>	<u>72,264</u>	<u>321,165</u>	<u>298,183</u>
Marketing expenses				
- Sales commission	5,216	14,356	31,807	41,342
- Advertisements and publicity	19,104	17,273	40,340	38,200
- Dealers' handling fee	3,340	2,088	11,316	5,359
- Others	25,709	20,126	82,349	67,417
	<u>53,369</u>	<u>53,843</u>	<u>165,812</u>	<u>152,318</u>
Administration and general expenses				
- Communication expenses	22,480	21,791	86,160	76,285
- Legal and professional fee	7,928	4,927	21,850	14,799
- Others	55,728	22,627	116,624	85,281
	<u>86,136</u>	<u>49,345</u>	<u>224,634</u>	<u>176,365</u>
	<u>469,735</u>	<u>437,089</u>	<u>1,565,789</u>	<u>1,513,005</u>



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	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	3,530	1,500	10,019	8,692
- Defined contribution plan	564	307	1,587	1,210
- Other staff related costs	369	267	1,309	1,231
	<u>4,463</u>	<u>2,074</u>	<u>12,915</u>	<u>11,133</u>
Establishment costs				
- Rental of premises	279	302	1,163	1,219
- Depreciation	75	63	285	465
- Repair and maintenance	74	90	232	340
- Rental of equipment	21	14	64	54
- Water and electricity	17	17	61	57
- Information technology expenses	4	3	11	12
- Insurance	1	1	3	3
	<u>471</u>	<u>490</u>	<u>1,819</u>	<u>2,150</u>
Marketing expenses				
- Advertisements and publicity	-	299	730	1,359
- Others	4,925	1,213	6,597	12,351
	<u>4,925</u>	<u>1,512</u>	<u>7,327</u>	<u>13,710</u>
Administration and general expenses				
- Communication expenses	66	67	259	269
- Legal and professional fee	587	307	2,317	2,964
- Others	73	114	124	326
	<u>726</u>	<u>488</u>	<u>2,700</u>	<u>3,559</u>
	<u><u>10,585</u></u>	<u><u>4,564</u></u>	<u><u>24,761</u></u>	<u><u>30,552</u></u>



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	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2009	2008	2009	2008
	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	338,302	304,227	1,161,812	937,219
- specific allowance written back	(78,655)	(49,796)	(270,092)	(214,613)
- specific allowance (net)	259,647	254,431	891,720	722,606
- general allowance (net)	(111,391)	16,414	(152,103)	104,997
Bad debts written off	165	-	165	5
Bad debts recovered	(35,382)	(61,296)	(162,130)	(330,459)
Specific allowance for other debtors	(2,140)	1,311	1,156	2,447
	<u>110,899</u>	<u>210,860</u>	<u>578,808</u>	<u>499,596</u>



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A13. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	49,775	1,039,468
Malaysian government treasury bills	-	156,842
Malaysian government investment issues	-	143,706
Bank Negara Malaysia ('BNM') monetary notes	-	856,920
Khazanah bonds	-	11,367
Bankers' acceptances and Islamic accepted bills	-	307,712
Negotiable instruments of deposits	452,193	829,367
Singapore government treasury bills	92,749	-
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	54,684	32,615
Unit trust	863	3,929
Outside Malaysia		
Shares	5,496	3,189
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	204,456	1,862,000
Outside Malaysia		
Structured notes	-	78,851
	<u>860,216</u>	<u>5,325,966</u>

The Group has reclassified certain securities held-for-trading to securities available-for-sale or held-to-maturity category in accordance with the amendment to revised BNM/GP8 Guidelines dated September 2008, which is effective from 1 July 2008 until 31 December 2009.



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A13. Securities Held-for-trading (continued)

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

	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
At fair value		
Amount reclassified from securities:		
- held-for-trading to securities available-for-sale	3,289,122	-
- held-for-trading to securities held-to-maturity	8,663	129,322
	<u>3,297,785</u>	<u>129,322</u>

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

	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
Amount recognised to income statement:		
- held-for-trading to securities available-for-sale	-	50,935
- held-for-trading to securities held-to-maturity	468	(2,257)
	<u>468</u>	<u>48,678</u>

As at the date of reclassification, the effective interest rates on the reclassified securities held-for-trading, based on the new cost, ranged from 2.63% to 10.16% per annum (31.12.2008: 3.71% to 5.44% per annum) with the expected recoverable cash flows of approximately RM3,759.0 million (31.12.2008: RM136.5 million).



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A14. Securities Available-for-sale ('Securities AFS')		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	2,512,175	687,425
Malaysian government investment issues	1,000,660	428,666
BNM monetary notes	-	7,968
Cagamas bonds and Cagamas Mudharabah bonds	444,542	119,451
Khazanah bonds	11,179	-
Negotiable instruments of deposits	109,672	112,912
Singapore government securities	83,610	263,895
Singapore government treasury bills	134,262	143,996
Thailand government bonds	20,755	20,402
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	15,612	23,869
Shares	5,689	5,338
Warrants	-	695
Outside Malaysia		
Shares	11	5
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	4,374,356	3,912,302
Shares	168,472	168,499
Corporate loan stocks	133,267	90,654
Outside Malaysia		
Private debt securities	54,209	61,674
Corporate loan stocks	1,221	2,432
Structured notes	22,729	162,531
	<u>9,092,421</u>	<u>6,212,714</u>

During the financial year, the Group has reclassified certain securities available-for-sale to securities held-to-maturity category. The fair value of the reclassified securities available-for-sale as of the date of reclassification for the Group was RM148.7 million (31.12.2008: Nil).

The carrying value of securities available-for-sale, which were transferred from securities held-for-trading, as at 31 December 2009 is RM2,558.7 million (31.12.2008: Nil).



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A15. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	2,387,667	1,912,922
Malaysian government investment issues	1,327,616	592,585
Cagamas bonds and Cagamas Mudharabah bonds	779,550	848,571
Khazanah bonds	34,935	281,839
Negotiable instruments of deposits	1,800,000	2,116,307
Singapore government securities	121,748	119,660
Thailand government securities	237,187	225,603
Sukuk (Brunei) Incorporation	41,538	-
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	2,436,342	1,660,224
Corporate loan stocks	60,507	70,589
Bonds	25,036	27,201
Shares	2,700	2,700
Prasarana bonds	1,852,771	1,855,582
Outside Malaysia		
Floating rate notes	28,419	39,194
Private debt securities	20,364	20,601
Structured notes	33,060	74,964
	11,189,440	9,848,542
Accumulated impairment loss	(209,295)	(231,730)
	10,980,145	9,616,812

The carrying value of securities held-to-maturity, which were transferred from securities held-for-trading as at 31 December 2009 is RM28.8 million (31.12.2008: RM126.8 million). The fair value of these securities as at 31 December 2009 is RM29.0 million (31.12.2008: RM127.2 million).



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A16. Loans, Advances and Financing		
Overdrafts	5,989,096	6,463,296
Term loans/financing		
- housing loans/financing	15,510,118	13,578,913
- syndicated term loans/financing	2,899,403	2,851,708
- hire-purchase receivables	11,360,314	10,853,474
- lease receivables	191,548	240,857
- other term loans/financing	21,246,324	14,467,930
Bills receivable	1,238,462	1,576,790
Trust receipts	381,389	504,202
Claims on customers under acceptance credits	4,909,188	6,074,089
Staff loans/financing	370,422	377,252
Credit/charge cards receivables	2,247,498	2,104,609
Revolving credits	4,968,972	5,668,471
	71,312,734	64,761,591
Unearned interest and income	(1,677,729)	(1,600,817)
Gross loans, advances and financing	69,635,005	63,160,774
Allowance for bad and doubtful debts and financing		
- general	(954,772)	(1,106,697)
- specific	(1,757,142)	(1,457,957)
Net loans, advances and financing	66,923,091	60,596,120

Included in term loans are loans sold to Cagamas with recourse amounting to RM1,168,826,000 (31.12.2008: RM1,173,754,000).

	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
(a) By type of customers		
Domestic non-bank financial institutions		
- others	377,356	623,891
Domestic business enterprises		
- small medium enterprises	11,342,280	10,559,463
- others	19,754,848	21,249,115
Government and statutory bodies	3,764,664	109,406
Individuals	29,547,312	26,020,910
Other domestic entities	12,609	29,320
Foreign entities	4,835,936	4,568,669
	69,635,005	63,160,774



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(b) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,501,691	1,737,043
- hire-purchase receivables	9,703,885	9,419,595
- other fixed rate loans/financing	8,129,335	4,362,495
Variable rate		
- base lending rate plus	27,386,890	22,895,096
- cost-plus	18,203,737	19,167,016
- other variable rates	4,709,467	5,579,529
	69,635,005	63,160,774
(c) By purpose		
Purchase of securities	2,408,854	2,062,553
Purchase of transport vehicles	8,225,802	7,505,560
Purchase of landed property:		
- residential	16,002,278	14,089,035
- non-residential	3,943,025	3,003,469
Purchase of property, plant and equipment other than land and building	3,757,180	4,043,123
Personal use	2,081,904	1,998,894
Credit card	2,247,498	2,104,609
Purchase of consumer durables	61,414	74,569
Construction	2,218,554	2,077,193
Working capital	22,217,787	24,468,116
Other purpose	6,470,709	1,733,653
	69,635,005	63,160,774



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(d) NPLs by purpose		
Purchase of securities	4,705	50,494
Purchase of transport vehicles	180,867	225,720
Purchase of landed property:		
- residential	1,088,996	1,048,642
- non-residential	167,974	140,924
Purchase of property, plant and equipment other than land and building	114,830	81,098
Personal use	92,830	105,419
Credit card	69,677	56,368
Purchase of consumer durables	3,745	4,403
Construction	105,533	114,410
Working capital	1,376,343	1,004,891
Other purpose	47,999	7,749
	3,253,499	2,840,118
(e) Movements in NPLs are as follows:		
Balance as at the beginning of the financial year	2,840,118	3,165,293
Classified as non-performing during the financial year	3,871,236	3,206,526
Amount recovered	(396,318)	(504,970)
Reclassified as performing during the financial year	(2,502,944)	(2,564,643)
Amount written off	(559,943)	(465,166)
Exchange difference	1,350	3,078
Balance as at the end of the financial year	3,253,499	2,840,118
Specific allowance	(1,757,142)	(1,457,957)
Net NPLs	1,496,357	1,382,161
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	2.21%	2.24%



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	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(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	1,106,697	999,186
Net allowance (written back)/made during the financial year	(152,103)	104,997
Exchange difference	178	2,514
Balance as at the end of the financial year	954,772	1,106,697
As % of gross loans, advances and financing less loans exempted from general allowance by BNM and specific allowance	1.5%	1.8%
<u>Specific allowance</u>		
Balance as at the beginning of the financial year	1,457,957	1,260,265
Allowance made during the financial year	1,161,812	937,219
Amount recovered	(270,092)	(214,613)
Amount written off	(563,488)	(526,468)
Transfer to accumulated impairment loss	(28,298)	-
Exchange difference	(749)	1,554
Balance as at the end of the financial year	1,757,142	1,457,957



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	Group		Company	
	As at	As at	As at	As at
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
A17. Other Assets				
Other debtors, deposits and prepayments	386,134	343,351	40,343	33,740
Deposit for proposed acquisition of Bank Mestika (refer to Note B8(f))	112,515	-	112,515	-
Accrued interest receivable	207,765	206,097	191	66
	<u>706,414</u>	<u>549,448</u>	<u>153,049</u>	<u>33,806</u>

	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000

A18. Deposits from Customers

(a) By type of deposits

Demand deposits	18,597,038	17,241,377
Savings deposits	5,663,371	5,393,709
Fixed deposits	60,264,247	50,963,753
Negotiable instruments of deposits	316,409	363,385
	<u>84,841,065</u>	<u>73,962,224</u>

(b) By type of customers

Government and statutory bodies	6,566,945	5,419,837
Business enterprises	50,519,461	41,155,294
Individuals	25,372,763	24,644,304
Others	2,381,896	2,742,789
	<u>84,841,065</u>	<u>73,962,224</u>

A19. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	4,412,113	5,216,205
Licensed Islamic banks	802,720	-
Licensed investment banks	100,000	262,650
BNM	690,006	888,472
Other financial institutions	1,411,186	2,314,820
	<u>7,416,025</u>	<u>8,682,147</u>



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	Group		Company	
	As at	As at	As at	As at
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
A20. Other Liabilities				
Accrued interest payable	357,376	446,528	55,790	49,052
Other creditors and accruals	758,212	511,854	6,043	4,222
General insurance fund	201,169	184,196	-	-
Short term employee benefits	167,572	182,654	-	-
Lessee deposits	74,864	79,704	-	-
Prepaid instalment	76,602	82,327	-	-
Remisiers' trust deposits	8,624	9,579	-	-
Amount due to Danaharta	1,824	1,782	-	-
Hire-purchase creditors	-	146	-	146
	<u>1,646,243</u>	<u>1,498,770</u>	<u>61,833</u>	<u>53,420</u>



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A21. Segment Information

Revenue and Results

31 December 2009

	Corporate and Investment Banking	Retail Banking	Treasury and money market	Islamic Banking business	International Banking	Others	Inter-segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
External revenue	989,063	2,718,207	1,041,186	326,164	304,815	46,011	-	5,425,446
Intersegment revenue	27,853	18,413	20,955	3,889	3,235	23,440	(97,785)	-
Segment revenue	1,016,916	2,736,620	1,062,141	330,053	308,050	69,451	(97,785)	5,425,446
Segment results	319,582	909,337	547,036	135,580	61,814	14,639	-	1,987,988
Unallocated expenses								(450,031)
Profit after unallocated expenses								1,537,957
Share of results of an associate								43
Share of results of a joint venture								420
Profit before taxation								1,538,420
Taxation								(329,814)
Net profit for the financial year								1,208,606



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A21. Segment Information (continued)

Revenue and Results

31 December 2008

	Corporate and Investment Banking	Retail Banking	Treasury and money market	Islamic Banking business	International Banking	Others	Inter-segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
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								<u>(469,834)</u>
Profit after unallocated expenses								1,422,089
Share of results of associates								424
Share of results of a joint venture								<u>(64)</u>
Profit before taxation								1,422,449
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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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

A22. Valuation of Property, Plant and Equipment

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

A23. Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date that have not been reflected in the financial statements.

A24. Changes in Composition of the Group

The significant changes in the composition of the Group for the financial year ended 31 December 2009 are summarised below:

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

On 22 January 2009, the following wholly-owned subsidiaries of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, were deemed to be dissolved at the expiration of three months after the lodgement of the Return by Liquidator Relating to Final Meeting to the Companies Commission of Malaysia and the Official Receiver pursuant to Section 272(5) of the Companies Act, 1965:-

- (i) U.B. Nominees (Tempatan) Sdn Bhd
- (ii) USB Nominees Sdn Bhd
- (iii) USB Nominees (Tempatan) Sdn Bhd
- (iv) USB Nominees (Asing) Sdn Bhd
- (v) INFB Jaya Sdn Bhd

The Company had on 14 August 2009 announced the commencement of members' voluntary winding-up of RHB Delta Nominees (Tempatan) Sdn Bhd, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of the Company pursuant to Section 254(1) of the Companies Act, 1965.

The above did not have any material effect on the performance of the Group for the financial year ended 31 December 2009.

(b) Dissolution of PT Rashid Hussain Securities

On 23 June 2009, the Company announced that its indirect subsidiary in Indonesia, PT Rashid Hussain Securities, in which the Company via its wholly-owned subsidiary, RHB Capital (Jersey) Limited, holds 85% equity interest, has been formally dissolved.

The dissolution of PT Rashid Hussain Securities did not have any material effect on the performance of the Group and the Company for the financial year ended 31 December 2009.

(c) Acquisition of RHB Kawal Sdn Bhd ('RHB Kawal')

RHB Kawal has become a wholly-owned subsidiary of the Company with effect from 2 November 2009 pursuant to the acquisition of the entire issued and fully paid-up share capital in RHB Kawal from Rashid Hussain Berhad (In Members' Voluntary Liquidation) ('RHB').



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A25. 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:

<u>Group</u>	As at 31 Dec 2009			As at 31 Dec 2008		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	2,251,758	2,251,758	2,014,053	2,389,294	2,389,294	2,024,897
Transaction-related contingent items	2,197,336	1,098,669	842,297	2,119,930	1,059,966	766,891
Short term self-liquidating trade-related contingencies	1,671,688	334,338	222,581	1,694,141	338,829	221,320
Obligations under underwriting agreements	430,900	215,450	163,615	399,900	199,950	164,815
Other assets sold with recourse and commitments with certain drawdown	-	-	-	41,544	41,544	8,309
Irrevocable commitments to extend credit						
- maturity not exceeding one year	29,508,470	310,873	310,873	25,933,455	282,115	281,034
- maturity exceeding one year	5,496,841	2,654,057	2,039,733	4,958,351	2,479,176	2,250,946
Foreign exchange related contracts						
- less than one year	10,094,034	143,085	46,885	9,344,283	229,785	82,948
- one year to less than five years	1,419,297	185,127	63,620	9,364	1,063	396
- more than five years	-	-	-	1,381,000	204,225	71,014

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



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A25. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(a) Commitments and Contingencies (continued)

<u>Group</u>	As at 31 Dec 2009			As at 31 Dec 2008		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rate related contracts						
- less than one year	2,638,766	10,583	2,116	2,009,714	4,342	1,014
- one year to less than five years	8,108,858	375,480	85,236	8,625,522	438,681	90,956
- more than five years	885,352	89,164	21,674	449,215	48,583	10,463
Others	2,530,883	-	-	1,379,211	3,718	3,718
	<u>67,234,183</u>	<u>7,668,584</u>	<u>5,812,683</u>	<u>60,734,924</u>	<u>7,721,271</u>	<u>5,978,721</u>

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

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market ('Basel I'), and the CE and RWA of its Islamic bank subsidiary and investment banking subsidiary, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and BNM's Revised Capital Adequacy Framework: Standardised Approach for Credit and Market Risk ('Basel II') respectively.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A25. 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 of RM100,000,000 (31.12.2008: RM100,000,000) for performance guarantees of one of its subsidiary 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 2009.

(ii) RHB Investment Bank Berhad ('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, a wholly-owned subsidiary of the Company, 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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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A25. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(c) Other Contingent Liabilities (continued)

(ii) RHB Investment Bank Berhad ('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.

On 12 January 2010, the appeal was officially withdrawn by the Court of Appeal.

	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000

A26. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	59,757	57,092
- authorised but not contracted for	103,259	68,660
	163,016	125,752

Proposed acquisition of Bank Mestika (refer to Note B8(f))

	1,050,611	-
	1,213,627	125,752



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A27. Interest/Profit Rate Risk

Group As at 31 December 2009	Non-trading book						Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years	Non-interest bearing			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short term funds	15,663,272	-	-	-	-	1,011,989	-	16,675,261	2.06
Securities purchased under resale agreements	739,922	854,288	-	-	-	-	-	1,594,210	1.97
Deposits and placements with banks and other financial institutions	46,376	2,074,268	90,280	8,346	-	-	-	2,219,270	2.15
Securities									
- held-for-trading	-	-	-	-	-	-	860,216	860,216	2.79
- AFS	156,167	134,835	477,638	5,084,010	2,979,491	260,280	-	9,092,421	4.49
- held-to-maturity	764,362	1,316,542	287,930	6,679,896	2,137,986	(206,571) #	-	10,980,145	3.59
Loans, advances and financing									
- performing	39,359,619	7,552,005	5,018,585	7,719,737	6,731,558	(915)	-	66,380,589	5.80
- non-performing	-	-	-	-	-	542,502 *	-	542,502	
Clients' and brokers' balances	72,737	-	-	-	-	176,930	-	249,667	3.99
Other assets	2,010	-	108	179	360	703,757	-	706,414	1.83
Derivative assets	-	-	-	-	-	-	221,429	221,429	
Statutory deposits	-	-	-	-	-	310,156	-	310,156	
Tax recoverable	-	-	-	-	-	92,316	-	92,316	
Deferred tax assets	-	-	-	-	-	272,261	-	272,261	
Investments in associates	-	-	-	-	-	11,180	-	11,180	
Investments in a joint venture	-	-	-	-	-	25,976	-	25,976	
Prepaid land lease	-	-	-	-	-	103,569	-	103,569	
Property, plant and equipment	-	-	-	-	-	827,582	-	827,582	
Goodwill	-	-	-	-	-	3,786,218	-	3,786,218	
Total assets	56,804,465	11,931,938	5,874,541	19,492,168	11,849,395	7,917,230	1,081,645	114,951,382	

Consist of equity instruments less impairment loss.

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



RHB CAPITAL BERHAD (312952 – H)
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A27. Interest/Profit Rate Risk (continued)

Group As at 31 December 2009	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	43,938,444	8,735,726	14,042,308	639,357	-	17,485,230	-	84,841,065	1.92
Deposits and placements of banks and other financial institutions	3,753,654	2,953,539	43,482	661,232	3,450	668	-	7,416,025	2.24
Bills and acceptances payable	1,245,497	1,620,189	742,833	-	-	194,003	-	3,802,522	2.38
Clients' and brokers' balances	-	-	-	-	-	401,857	-	401,857	
Other liabilities	7,965	-	-	-	-	1,638,278	-	1,646,243	1.90
Derivative liabilities	-	-	-	-	-	-	232,354	232,354	
Recourse obligation on loans sold to Cagamas	-	-	333,544	835,282	-	-	-	1,168,826	4.88
Taxation	-	-	-	-	-	40,463	-	40,463	
Deferred tax liabilities	-	-	-	-	-	177	-	177	
Borrowings	1,597,357	616,320	536,400	1,079,595	-	-	-	3,829,672	4.04
Subordinated obligations	-	-	-	1,540,000	700,000	-	-	2,240,000	5.19
Hybrid Tier-1 Capital Securities	-	-	-	-	591,996	-	-	591,996	7.52
Total liabilities	50,542,917	13,925,774	15,698,567	4,755,466	1,295,446	19,760,676	232,354	106,211,200	
Total equity	-	-	-	-	-	8,740,182	-	8,740,182	
Total liabilities and equity	50,542,917	13,925,774	15,698,567	4,755,466	1,295,446	28,500,858	232,354	114,951,382	
On-balance sheet interest sensitivity gap	6,261,548	(1,993,836)	(9,824,026)	14,736,702	10,553,949				
Off-balance sheet interest sensitivity gap	35,000	500,000	(280,000)	(180,000)	(75,000)				
Total interest-sensitivity gap	6,296,548	(1,493,836)	(10,104,026)	14,556,702	10,478,949				



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

A27. Interest/Profit Rate Risk (continued)

Company As at 31 December 2009	Non-trading book						Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years	Non-interest bearing			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short term funds	100,600	-	-	-	-	319	-	100,919	2.02
Deposits and placements with banks and other financial institutions	-	338	522	-	-	-	-	860	2.55
Other assets	-	-	-	-	-	153,049	-	153,049	
Amounts due from subsidiaries	-	-	-	-	-	10,603	-	10,603	
Tax recoverable	-	-	-	-	-	73,717	-	73,717	
Deferred tax assets	-	-	-	-	-	19	-	19	
Investments in subsidiaries	-	-	-	-	-	8,785,389	-	8,785,389	
Property, plant and equipment	-	-	-	-	-	330	-	330	
Total assets	100,600	338	522	-	-	9,023,426	-	9,124,886	
Liabilities and equity									
Other liabilities	-	-	-	-	-	61,833	-	61,833	
Amounts due to subsidiaries	-	-	-	-	-	155,288	-	155,288	
Borrowings	1,860,157	-	194,000	1,079,595	-	-	-	3,133,752	4.81
Total liabilities	1,860,157	-	194,000	1,079,595	-	217,121	-	3,350,873	
Total equity	-	-	-	-	-	5,774,013	-	5,774,013	
Total liabilities and equity	1,860,157	-	194,000	1,079,595	-	5,991,134	-	9,124,886	
Total interest-sensitivity gap	(1,759,557)	338	(193,478)	(1,079,595)	-	-	-	-	



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A27. Interest/Profit Rate Risk (continued)

Group As at 31 December 2008	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years	Non-interest bearing			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	5,325,966	5,325,966	4.05
- AFS	542,617	130,108	354,283	2,879,845	2,110,041	195,820	-	6,212,714	5.07
- held-to-maturity	1,313,696	726,877	2,098,220	3,619,854	2,087,171	(229,006) #	-	9,616,812	4.10
Loans, advances and financing									
- performing	36,365,436	7,868,907	5,107,229	6,159,217	4,819,786	81	-	60,320,656	6.64
- non-performing	-	-	-	-	-	275,464 *	-	275,464	
Clients' and brokers' balances	107,037	-	-	-	-	68,266	-	175,303	3.78
Other assets	1,895	-	38	217	419	546,879	-	549,448	3.84
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 a 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	51,859,316	9,177,306	7,618,404	12,667,479	9,017,417	8,486,720	5,706,127	104,532,769	

Consist of equity instruments less impairment loss.

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



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

A27. Interest/Profit Rate Risk (continued)

Group 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	>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	35,121,857	7,631,696	14,362,490	688,176	-	16,158,005	-	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	3.31
Bills and acceptances payable	1,724,912	2,165,463	825,119	-	-	220,018	-	4,935,512	3.70
Clients' and brokers' balances	-	-	-	-	-	289,053	-	289,053	
Other liabilities	8,902	32	98	-	-	1,489,738	-	1,498,770	3.09
Derivative liabilities	-	-	-	-	-	-	384,879	384,879	
Recourse obligation on loans sold to Cagamas	87,146	-	372,367	714,241	-	-	-	1,173,754	4.87
Taxation	-	-	-	-	-	91,196	-	91,196	
Deferred tax liabilities	-	-	-	-	-	1,760	-	1,760	
Borrowings	1,904,670	735,975	-	791,889	-	-	-	3,432,534	5.18
Subordinated obligations	-	-	-	1,540,000	700,000	-	-	2,240,000	5.19
Total liabilities	44,489,558	12,124,266	16,414,624	4,305,574	722,037	18,250,891	384,879	96,691,829	
Total equity	-	-	-	-	-	7,840,940	-	7,840,940	
Total liabilities and equity	44,489,558	12,124,266	16,414,624	4,305,574	722,037	26,091,831	384,879	104,532,769	
On-balance sheet interest sensitivity gap	7,369,758	(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	7,298,886	(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 2009

A27. Interest/Profit Rate Risk (continued)

Company As at 31 December 2008	Non-trading book						Trading book	Total	Effective interest rate %
	Up to 1 month	> 1-3 months	> 3-12 months	>1-5 years	Over 5 years	Non-interest bearing			
	RM'000	RM'000	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	-	-	-	-	-	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	-	-	-	-	-	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	791,889	-	206,383	-	2,983,088	
Total equity	-	-	-	-	-	5,920,525	-	5,920,525	
Total liabilities and equity	1,904,686	80,032	98	791,889	-	6,126,908	-	8,903,613	
Total interest-sensitivity gap	(1,884,686)	(79,282)	405	(791,889)	-	-	-	-	



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A28. 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.

The capital ratios of RHB Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market ('Basel I'). The capital ratios of RHB Investment Bank and RHB Islamic Bank 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').

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
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up ordinary share capital	3,318,085	3,318,085	263,646	263,646	523,424	523,424
Hybrid Tier-1 Capital Securities	596,996	-	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	1,696,589	1,008,581	220,169	169,098	167,172	135,437
Other reserves (exclude AFS reserve)	2,397,969	2,121,478	278,549	278,549	197,739	166,005
Deferred tax assets	(234,070)	(233,116)	1,095	(1,210)	(17,046)	(19,960)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	6,878,613	5,318,072	604,179	550,803	871,289	804,906
Tier II capital						
Subordinated obligations	2,000,000	2,000,000	245,000	245,000	-	-
General allowance for bad and doubtful debts	862,725	995,859	1,137	8,442	88,984	97,984
Total Tier II capital	2,862,725	2,995,859	246,137	253,442	88,984	97,984



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A28. 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
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less:						
Investment in subsidiaries	(622,666)	(628,640)	(58,270)	(58,270)	-	-
Investment in joint venture	-	-	(27,399)	(27,399)	-	-
Other deductions *	(3,230)	-	(422)	-	(12)	-
Total capital base	9,115,442	7,685,291	764,225	718,576	960,261	902,890
<u>Before deducting proposed dividends</u>						
Core capital ratio	10.55%	8.77%	35.58%	19.25%	12.50%	12.07%
Risk-weighted capital adequacy ratio ('RWCR')	13.99%	12.67%	45.01%	25.12%	13.78%	13.54%
<u>After deducting proposed dividends</u>						
Core capital ratio	10.41%	8.51%	24.64%	17.14%	12.50%	12.07%
Risk-weighted capital adequacy ratio	13.84%	12.42%	31.95%	23.00%	13.78%	13.54%

* Pursuant to the Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments/Reserves, the RWCR computation shall account for the ageing, liquidity and holding back adjustments/reserves on its trading portfolio.

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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A29. Operations of Islamic Banking

(a) Balance Sheet as at 31 December 2009

	Group	
	As at 31 Dec 2009	As at 31 Dec 2008
	RM'000	RM'000
ASSETS		
Cash and short-term funds	2,273,441	1,279,720
Deposits and placements with banks and other financial institutions	305,000	-
Securities held-for-trading	30,931	404,464
Securities available-for-sale	1,195,204	730,582
Securities held-to-maturity	1,042,352	1,147,357
Financing and advances	5,842,302	5,351,744
Other assets	59,322	102,053
Deferred tax assets	17,046	19,960
Tax recoverable	15,666	9,273
Statutory deposits	69,240	199,440
Property, plant and equipment	23,083	19,434
Intangible assets	27,601	29,518
Total assets	<u>10,901,188</u>	<u>9,293,545</u>
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	8,127,782	7,347,306
Deposits and placements of banks and other financial institutions	1,288,620	536,485
Bills and acceptances payable	25,228	34,786
Other liabilities	88,718	74,502
Total liabilities	<u>9,530,348</u>	<u>7,993,079</u>
Islamic Banking Funds	1,370,840	1,300,466
Total liabilities and Islamic Banking Funds	<u>10,901,188</u>	<u>9,293,545</u>
Commitments and contingencies	<u>2,815,528</u>	<u>1,863,813</u>



RHB CAPITAL BERHAD (312952 – H)
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A29. Operations of Islamic Banking (continued)

(b) Income Statement for the financial year ended 31 December 2009

	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	110,472	120,236	431,007	401,587
Income derived from investment of shareholder's funds	12,945	14,645	47,809	51,336
Allowance for losses on financing and advances	(9,661)	(3,798)	(83,028)	(34,470)
Profit equalisation reserve	(991)	(3,468)	1,410	2,163
Total distributable income	<u>112,765</u>	<u>127,615</u>	<u>397,198</u>	<u>420,616</u>
Income attributable to depositors	<u>(37,217)</u>	<u>(50,759)</u>	<u>(154,062)</u>	<u>(174,079)</u>
	75,548	76,856	243,136	246,537
Personnel expenses	(11,692)	(14,436)	(54,281)	(46,006)
Other overheads and expenditures	(26,010)	(22,394)	(96,435)	(78,711)
Profit before taxation	<u>37,846</u>	<u>40,026</u>	<u>92,420</u>	<u>121,820</u>
Taxation	5,280	(9,980)	(21,202)	(30,458)
Net profit for the financial period/year	<u><u>43,126</u></u>	<u><u>30,046</u></u>	<u><u>71,218</u></u>	<u><u>91,362</u></u>



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A29. Operations of Islamic Banking (continued)

(c) Financing and Advances

	Group	
	As at	As at
	<u>31 Dec 2009</u>	<u>31 Dec 2008</u>
	RM'000	RM'000
Cashline	87,557	36,530
Term financing		
- housing financing	1,872,246	1,704,406
- syndicated term financing	793,288	555,504
- hire purchase receivables	1,215,426	807,349
- other term financing	1,297,163	1,349,326
Claims on customers under acceptance credit	503,119	677,058
Trust receipts	32,787	36,480
Staff financing	12,990	12,922
Revolving financing	451,209	502,942
	<u>6,265,785</u>	<u>5,682,517</u>
Less: Unearned income	(179,697)	(140,208)
Gross financing and advances	<u>6,086,088</u>	<u>5,542,309</u>
Less: Allowance for bad and doubtful financing		
- general	(88,984)	(97,984)
- specific	(154,802)	(92,581)
Net financing and advances	<u>5,842,302</u>	<u>5,351,744</u>

(i) Movements in non-performing financing and advances

	Group	
	As at	As at
	<u>31 Dec 2009</u>	<u>31 Dec 2008</u>
	RM'000	RM'000
Balance as at the beginning of the financial year	267,357	282,833
Classified as non-performing during the financial year	424,210	272,830
Reclassified as performing during the financial year	(239,410)	(215,781)
Amount recovered	(40,005)	(36,382)
Amount written off	(35,212)	(36,143)
Balance as at the end of the financial year	<u>376,940</u>	<u>267,357</u>
Specific allowance	(154,802)	(92,581)
Net non-performing financing and advances	<u>222,138</u>	<u>174,776</u>
Ratio of net non-performing financing and advances as % of gross financing and advances, less specific allowance	<u>3.8%</u>	<u>3.3%</u>



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A29. Operations of Islamic Banking (continued)

(c) Financing and Advances (continued)

(ii) Movements in allowance for bad and doubtful financing and advances

	Group	
	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
General allowance		
Balance as at the beginning of the financial year	97,984	82,948
Net allowance (written back)/made during the financial year	(9,000)	15,036
Balance as at the end of the financial year	<u>88,984</u>	<u>97,984</u>
As % of gross financing and advances less specific allowance	<u>1.5%</u>	<u>1.8%</u>
Specific allowance		
Balance as at the beginning of the financial year	92,581	93,336
Allowance made during the financial year	123,451	36,720
Amount recovered	(26,756)	(11,590)
Amount written off	(34,474)	(25,885)
Balance as at the end of the financial year	<u>154,802</u>	<u>92,581</u>

(d) Other Assets

	Group	
	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
Income receivable	28,681	18,756
Deposits and prepayments	22,227	15,390
Sundry deposits debtors	1,352	6,363
Other debtors	7,062	61,544
	<u>59,322</u>	<u>102,053</u>



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A29. Operations of Islamic Banking (continued)

(e) Deposits from Customers

	Group	
	As at	As at
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
<u>Non-Mudharabah Funds:</u>		
Demand deposits	1,607,302	1,535,447
Savings deposits	563,317	542,606
Negotiable Islamic Debt Certificates	4,754	59,850
	<u>2,175,373</u>	<u>2,137,903</u>
<u>Mudharabah Funds:</u>		
Demand deposits	374,513	332,007
General investment accounts	1,166,442	1,512,965
Special investment accounts	4,411,454	3,364,431
	<u>8,127,782</u>	<u>7,347,306</u>



**RHB CAPITAL BERHAD (312952 – H)
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A30. Acquisition of subsidiary companies

On 2 November 2009, RHB Kawal became a wholly-owned subsidiary of the Company. The acquisition was settled via cash consideration and amount owing between RHB Capital group of companies and RHB group of companies (Please refer to B8(e) for further details).

Details of net assets acquired, goodwill arising on consolidation and cash flow arising from the acquisition are as follows:

	At date of acquisition
	RM'000
Property, plant and equipment	38
Cash and bank balances	115
Other debtors and deposits	5,565
Tax recoverable	64
Deferred tax assets	12
Other creditors	<u>(2,893)</u>
Net assets acquired at the date of acquisition	2,901
Goodwill arising from consolidation	<u>49</u>
Total purchase consideration (inclusive of incidental costs)	2,950
Inter-company settlement	<u>(1,177)</u>
Net cash outflow of the Company on acquisition of subsidiary	1,773
Less: Cash and cash equivalents in subsidiary acquired	<u>(115)</u>
Net cash outflow of the Group on acquisition of subsidiary	<u><u>1,658</u></u>

The financial results of RHB Kawal in the period between the date of acquisition and the balance sheet date was not significant to the Group.



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B1. Review of Group Results

For the financial year ended 31 December 2009, the Group recorded a pre-tax profit of RM1,538.4 million, 8% higher than that of the previous financial year of RM1,422.4 million.

The higher profit was mainly due to higher net interest income by RM196.9 million, higher income from Islamic Banking business by RM45.2 million and higher reversal of impairment loss by RM27.9 million; partly offset by higher allowance for losses on loans and financing by RM79.2 million, lower other operating income by RM22.1 million and higher other operating expenses by RM52.8 million.

B2. Changes in Profit for the Quarter

For the fourth quarter ended 31 December 2009, the Group recorded a pre-tax profit of RM377.1 million, down 15% as compared to RM446.2 million recorded in the preceding quarter ended 30 September 2009. The lower profit was mainly due to higher other operating expenses by RM88.6 million, higher impairment loss by RM14.6 million and higher allowance for losses on loans and financing by RM10.2 million; partly offset by higher net interest income by RM22.4 million, higher other operating income by RM16.0 million and higher income from Islamic Banking business by RM5.9 million.

B3. Prospects for the Financial Year Ending 31 December 2010

The proposed acquisition of PT Bank Mestika Dharma ('Bank Mestika') will allow the Group to add Indonesia, one of South East Asia's key economies, into its international operations alongside Brunei, Thailand, Singapore and Vietnam. The Group is excited about the prospects of further developing its regional presence and making significant steps towards realizing the Group's Aspirations.

The Group expects an improved operating environment in the coming year and will aim to drive market share expansion in both the Retail and Wholesale segments. Islamic Banking and International businesses will continue to grow in size and in 2010 it will form an even larger part of the Group's financial performance.

Notwithstanding the expected increase in competitive intensity and new market entrants brought about by the liberalization, the Group's Transformation Program and progress on building a strong franchise and competitive operating platform will allow it to compete successfully and maintain a satisfactory performance in 2010.

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

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

	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
B5. Taxation				
Group				
Income tax based on profit for the financial period/year				
- Malaysian income tax	89,808	60,038	368,921	389,799
- overseas tax	3,402	2,332	4,363	4,116
Deferred tax	5,346	10	20,882	(21,936)
	<u>98,556</u>	<u>62,380</u>	<u>394,166</u>	<u>371,979</u>
(Over)/Under provision in respect of prior years	(59,378)	2,879	(64,352)	715
	<u><u>39,178</u></u>	<u><u>65,259</u></u>	<u><u>329,814</u></u>	<u><u>372,694</u></u>

The effective tax rate of the Group for the fourth quarter and the financial year ended 31 December 2009 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.



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B5. Taxation (continued)

	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period/year				
- Malaysian income tax	(8,967)	(4,713)	39,295	29,463
Deferred tax	(35)	-	(35)	-
	<u>(9,002)</u>	<u>(4,713)</u>	<u>39,260</u>	<u>29,463</u>
Under provision in respect of prior years	-	159	2,505	159
	<u>(9,002)</u>	<u>(4,554)</u>	<u>41,765</u>	<u>29,622</u>

The effective tax rate of the Company for the fourth quarter ended 31 December 2009 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 2009 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B6. Purchase and Sale of Quoted Securities

There were no purchases or sales of quoted securities during the financial year ended 31 December 2009 other than in the ordinary course of business.

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

There were no sales of unquoted investments and/or properties during the financial year ended 31 December 2009 other than in the ordinary course of business.

B8. Status of Corporate Proposals

(a) Proposed issuance of up to RM75.0 million nominal value of Hybrid Tier-1 Capital Securities ('HT1 Securities') by RHB Investment Bank

The Company announced on 16 October 2007 that RHB Investment Bank, has proposed among others to undertake the issuance of up to RM75.0 million nominal value of HT1 Securities as part of its capital management initiatives, with the objective of increasing the return to its shareholders and optimising the capital structure of RHB Investment Bank.

The Securities Commission ('SC') had, on 30 September 2008, granted an extension of time of up to 10 October 2009 for RHB Investment Bank to implement or issue such capital securities subject to the conditions as contained therein.

On 20 October 2009, the Company announced that the SC had further granted an extension of time of up to 10 October 2010 for RHB Investment Bank to implement the proposed issuance of up to RM75.0 million nominal value of HT1 Securities ('Proposed Extension of Time'), subject to the following conditions:

- (a) RHB Investment Bank to inform all relevant parties in relation to the HT1 Securities including, but not limited to, the trustee and rating agency, about the Proposed Extension of Time, and ensure that their consents, where required, are obtained;
- (b) RHB Investment Bank has undertaken all necessary due diligence in relation to the Proposed Extension of Time;
- (c) RHB Investment Bank to obtain all other regulatory approvals, if required, for the Proposed Extension of Time;



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B8. Status of Corporate Proposals (continued)

(a) Proposed issuance of up to RM75.0 million nominal value of Hybrid Tier-1 Capital Securities ('HT1 Securities') by RHB Investment Bank (continued)

(d) All other approved terms and conditions imposed for the proposed HT1 Securities shall remain applicable; and

(e) RHB Investment Bank to submit a written confirmation on compliance with all the above conditions.

(b) 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 RHB Bank's 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 by RHB Bank, a wholly-owned subsidiary of the Company.

On 31 March 2009, RHB Bank made the first issuance of RM370.0 million nominal value of HT1 Capital Securities. The remaining of the HT1 Capital Securities of RM230.0 million was issued on 17 December 2009.

(c) 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 the Company

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 the Company, 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 the Company 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 ended 31 December 2009.

As at 31 December 2009, the Company had issued RM120.0 million nominal value of Commercial Papers and RM435.0 million nominal value of Medium Term Notes under the CP/MTN Programme.

(d) Proposed Establishment Of An Exclusive Bancassurance Alliance Between RHB Bank Berhad and American International Assurance Berhad ('AIA')

On behalf of the Company, RHB Investment Bank had, on 2 March 2009 announced that RHB Bank had on even date executed a term sheet with AIA ('Term Sheet'), which constitutes the preliminary statement of the intentions of AIA and RHB Bank relating to the terms of the establishment of a 10-year mutually exclusive bancassurance relationship in Malaysia to:

(a) sell conventional life insurance (individual and group) products developed by AIA for sale by RHB Bank ('Life Products') via the RHB Bank network of offices and branches and other channels which will include telemarketing, direct marketing and worksite marketing; and

(b) market, promote and sell the Life Products to RHB Bank's customers through or with the cooperation of RHB Bank.



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B8. Status of Corporate Proposals (continued)

(d) Proposed Establishment Of An Exclusive Bancassurance Alliance Between RHB Bank Berhad and American International Assurance Berhad ('AIA') (continued)

The Term Sheet is not intended to be a legally binding document or agreement between RHB Bank and AIA. A legally binding agreement will result only from the execution by AIA and RHB Bank of a definite bancassurance agreement which shall be entered into within 14 days upon RHB Bank obtaining the requisite approval from BNM and all other applicable regulatory approvals.

None of the directors or major shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the bancassurance alliance.

(e) Proposed acquisition by the Company of 1,500,000 ordinary shares of RM1.00 each in RHB Kawal, representing the entire issued and fully paid-up share capital in RHB Kawal from Rashid Hussain Berhad (In Members' Voluntary Liquidation) ('RHB')

On 16 April 2009, RHB Investment Bank had on behalf of the Company, announced that the Company had entered into a conditional share sale agreement with RHB to acquire the entire issued and paid-up share capital of RHB Kawal from RHB ('Proposed Acquisition') for a purchase consideration which shall be a sum equivalent to the net difference between:

- (a) the cash consideration of RM2,900,000; and
- (b) the total net amount owing between RHB Capital group of companies and RHB group of companies as at the cut off date, to be determined later.

RHB Kawal is in the business of providing security services to the RHB Capital group of companies.

The Proposed Acquisition was completed on 2 November 2009, whereby on even date RHB Kawal became a wholly-owned subsidiary of the Company.

None of the directors or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Proposed Acquisition.

(f) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma

On 19 October 2009, RHB Investment Bank had on behalf of the Company, announced that the Company will undertake the following proposals:

- (a) proposed acquisition of 80% of the issued and paid up share capital in PT Bank Mestika Dharma ('Bank Mestika') for a total cash consideration of Indonesian Rupiah ('RP') 3,118,300 million (or equivalent to approximately RM1,163 million) ('Proposed Acquisition');
- (b) proposed put and call option for 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Options');
- (c) proposed renounceable rights issue of new ordinary shares of RM1.00 each in RHB Capital ('Shares') to raise gross proceeds of approximately RM1.3 billion ('Proposed Rights Issue'); and



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B8. Status of Corporate Proposals (continued)

(f) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma (continued)

- (d) proposed increase in the authorised share capital of the Company from RM2,500,000,000 comprising 2,500,000,000 RHB Capital shares to RM5,000,000,000 comprising 5,000,000,000 RHB Capital shares ('Proposed Increase In Authorised Share Capital')

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

The Proposals are subject to the following being obtained:

- (i) approval of BNM for the Proposed Acquisition and Proposed Options;
- (ii) approval of Bank Indonesia ('BI') for the Proposed Acquisition and the Fit and Proper Test mechanism by the Company as governed under BI Regulation No. 5/25/PBI/2003 on Fit and Proper Test;
- (iii) approval of Indonesian Capital Market and Financial Institution Supervisory Board for the proposed IPO of Bank Mestika;
- (iv) approval in-principle from Bursa Malaysia Securities Berhad ('Bursa Securities') for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities;
- (v) approval of the shareholders of the Company at the Extraordinary General Meeting to be convened for the Proposed Rights Issue and the Proposed Increase In Authorised Share Capital; and
- (vi) approvals, waivers and/or consents of any other relevant authorities and/or parties, if required.

BNM had on 4 January 2010 granted its approval for the Company to acquire up to 89% of the issued and paid-up capital of Bank Mestika, subject to the following conditions:

- (i) the Company is to obtain written confirmation from its auditors on the compliance with Financial Reporting Standards in arriving at the impairment methodology adopted and in respect of any change in equity interest in Bank Mestika; and
- (ii) the sources of funding and funding cost for the additional capital required by Bank Mestika post-acquisition should not exert pressure on the Company and its subsidiaries' capital and financial soundness.

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders under the Proposed Rights Issue and their rights to apply for excess Rights Shares which are also available to all other shareholders of the Company.

The Proposed Acquisition, Proposed Rights Issue and Proposed Options are not expected to have any effect on the earnings and earnings per share of the Group for the financial year ended 31 December 2009. Barring unforeseen circumstances, the Proposed Acquisition and the Proposed Rights Issue are expected to be completed in the second quarter of 2010.

The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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B8. Status of Corporate Proposals (continued)

- (g) **Proposed acquisition of the remaining equity interest in RHB Insurance Berhad ('RHB Insurance') not already owned by the Company ('Proposed Acquisition')**

On 4 February 2010, RHB Investment Bank had on behalf of the Company, announced that BNM had vide its letter dated 3 February 2010 stated that it has no objection in principle for the Company to commence negotiations with the remaining shareholders of RHB Insurance in relation to the Proposed Acquisition.

Pursuant to the Insurance Act 1996, the Company and the remaining shareholders of RHB Insurance will be required to obtain the prior approval of the Minister of Finance, with the recommendation of BNM, before entering into any definitive agreement to effect the Proposed Acquisition. Accordingly, a detailed announcement on the Proposed Acquisition will be made upon execution of the definitive agreement(s) for the Proposed Acquisition.

B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities

	Group	
	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	84,189,557	73,274,048
- more than one year	651,508	688,176
	<u>84,841,065</u>	<u>73,962,224</u>
Deposits and placements of banks and other financial institutions		
- one year or less	6,751,343	8,088,842
- more than one year	664,682	593,305
	<u>7,416,025</u>	<u>8,682,147</u>



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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Group		Company	
	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
(b) Borrowings				
Secured:				
Revolving credits	-	20,000	-	20,000
Term loans	-	240,000	-	240,000
Unsecured:				
Revolving credits	646,000	743,800	648,800	743,800
Term loans - RM	800,000	750,000	1,060,000	750,000
Term loans - USD	958,720	655,975	-	-
Overdrafts	1,357	870	1,357	870
RM600 million 6 years Serial Fixed Rate Bonds	449,147	597,927	449,147	597,927
RM350 million Fixed Rate Bonds	345,448	343,962	345,448	343,962
RM150 million 7 years Commercial Papers	74,000	80,000	74,000	80,000
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	555,000	-	555,000	-
	<u>3,829,672</u>	<u>3,432,534</u>	<u>3,133,752</u>	<u>2,776,559</u>
Schedule repayment of borrowings:				
Within one year	1,842,717	230,195	1,794,157	195,670
One year to three years	845,755	2,277,764	904,595	2,156,927
Three years to five years	768,840	562,062	435,000	423,962
Over five years	372,360	362,513	-	-
	<u>3,829,672</u>	<u>3,432,534</u>	<u>3,133,752</u>	<u>2,776,559</u>



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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Group	
	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,300,000	1,300,000
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	45,000
	2,240,000	2,240,000

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.

(d) Hybrid Tier-1 Capital Securities

	Group	
	As at 31 Dec 2009 RM'000	As at 31 Dec 2008 RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	366,996	-
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,000	-
	591,996	-

On 31 March 2009, RHB Bank had completed the first issuance of RM370.0 million nominal value of HT1 Capital Securities out of its RM600.0 million Hybrid Tier-1 Capital Securities Programme ('HT1 Programme'). On 17 December 2009, RHB Bank issued the remaining RM230.0 million HT1 Capital Securities under the HT1 Programme. The RM370.0 million and RM230.0 million HT1 Capital Securities will mature in 2039 and is callable in 2019.

The RM370.0 million and RM230.0 million HT1 Capital Securities bear interest at the rate of 8.00% and 6.75% per annum commencing from the respective first issue date and thereafter at a stepped-up rate of 9.00% and 7.75% per annum from 2019 if not called.



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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 2009

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
Foreign exchange related contracts							
- forwards	3,130,993	1,177,423	916,181	582,544	434,301	20,544	-
- swaps	5,930,615	3,455,507	1,321,751	688,603	444,210	20,544	-
- options	167,251	94,215	55,262	17,774	-	-	-
- spots	906,263	906,263	-	-	-	-	-
- cross-currency	1,378,209	-	-	-	-	1,378,209	-
Interest rate related contracts							
- futures	990,000	-	240,000	240,000	370,000	140,000	-
- swaps	10,642,976	277,192	300,544	261,288	1,027,478	7,911,666	864,808
Total	23,146,307	5,910,600	2,833,738	1,790,209	2,275,989	9,470,963	864,808

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)

Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at latest practicable date, 22 February 2010

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
Foreign exchange related contracts							
- forwards	3,488,622	1,193,022	1,048,850	693,675	511,149	41,926	-
- swaps	3,562,576	1,438,652	935,918	421,839	657,536	108,631	-
- options	163,362	99,706	44,727	18,929	-	-	-
- spots	1,285,059	1,285,059	-	-	-	-	-
- cross-currency	1,369,152	-	-	-	-	1,369,152	-
Interest rate related contracts							
- futures	990,000	-	240,000	240,000	370,000	140,000	-
- swaps	11,135,460	206,817	387,212	128,879	1,331,390	8,108,860	972,302
Total	21,994,231	4,223,256	2,656,707	1,503,322	2,870,075	9,768,569	972,302



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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. However, CBSB's claim for damages was dismissed.

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 decision.

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge (Please refer to A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim). On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms. Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. No hearing dates have been fixed for the applications yet.

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 17.45% less 25% income tax has been proposed for the current financial year:
- (i) Amount per share: 17.45% less 25% income tax
 - (ii) Previous corresponding quarter: Final dividend of 10.60% less 25% 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 5.00% less 25% income tax
 - (ii) Proposed final dividend of 17.45% less 25% income tax

B13. Earnings per Share	4th quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>336,384</u>	<u>196,899</u>	<u>1,201,363</u>	<u>1,048,734</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>2,153,475</u>
Basic/diluted earnings per share (sen)	<u>15.6</u>	<u>9.1</u>	<u>55.8</u>	<u>48.7</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2009. As a result, the diluted earnings per share was equal to the basic earnings per share for the financial year ended 31 December 2009.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

25 February 2010