

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		As at 30.06.2010 RM'000	As at 31.12.2009 RM'000	As at 30.06.2010 RM'000	As at 31.12.2009 RM'000
<b>ASSETS</b>					
Cash and short-term funds		14,035,948	15,308,992	11,943,024	12,790,568
Securities purchased under resale agreements		115,781	1,594,210	115,781	1,594,210
Deposits and placements with banks and other financial institutions		1,207,950	1,713,101	1,363,484	1,937,762
Financial assets held-for-trading	8	1,047,751	123,681	831,593	92,749
Financial investments available-for-sale ('AFS')	9	7,812,689	6,565,352	6,405,511	5,367,804
Financial investments held-to-maturity	10	11,266,426	10,766,923	10,148,214	9,651,635
Loans, advances and financing	11	72,932,982	67,127,117	64,573,766	59,116,696
Other assets	12	529,642	454,096	539,463	621,862
Derivative assets		230,973	203,868	227,918	198,913
Statutory deposits		342,024	282,865	260,684	213,525
Tax recoverable		12,460	17,591	-	-
Deferred tax assets		217,329	263,182	185,244	234,070
Investment in subsidiaries		-	-	822,982	822,982
Prepaid land lease		98,637	102,937	20,372	20,617
Property, plant and equipment		580,602	566,518	493,579	476,561
Goodwill		1,004,017	1,004,017	905,519	905,519
<b>TOTAL ASSETS</b>		<b>111,435,211</b>	<b>106,094,450</b>	<b>98,837,134</b>	<b>94,045,473</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	13	86,131,137	81,867,854	75,599,549	71,589,904
Deposits and placements of banks and other financial institutions	14	5,874,952	6,353,224	4,585,773	5,466,744
Bills and acceptances payable		3,726,966	3,802,522	3,705,229	3,777,294
Other liabilities	15	1,248,590	1,270,753	1,196,661	1,073,407
Derivative liabilities		253,161	206,137	247,623	199,477
Recourse obligation on loans sold to Cagamas Berhad		1,047,935	1,168,826	1,047,935	1,168,826
Provision for taxation		82,740	37,419	78,948	34,061
Deferred tax liabilities		6	6	-	-
Long term borrowings		890,313	958,720	890,313	958,720
Subordinated obligations		3,000,000	2,000,000	3,000,000	2,000,000
Hybrid Tier I Capital Securities		597,110	596,996	597,110	596,996
<b>TOTAL LIABILITIES</b>		<b>102,852,910</b>	<b>98,262,457</b>	<b>90,949,141</b>	<b>86,865,429</b>
Ordinary share capital		3,318,085	3,318,085	3,318,085	3,318,085
Reserves		5,264,216	4,513,908	4,569,908	3,861,959
<b>TOTAL EQUITY</b>		<b>8,582,301</b>	<b>7,831,993</b>	<b>7,887,993</b>	<b>7,180,044</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>111,435,211</b>	<b>106,094,450</b>	<b>98,837,134</b>	<b>94,045,473</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>63,085,085</b>	<b>64,755,922</b>	<b>59,819,140</b>	<b>61,329,469</b>

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

<u>Group</u>	<u>Note</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
		<u>Current</u> <u>Financial</u> <u>Quarter Ended</u>	<u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u>	<u>Current</u> <u>Financial</u> <u>Half Year Ended</u>	<u>Preceding</u> <u>Corresponding</u> <u>Half Year Ended</u>
		<u>30.06.2010</u>	<u>30.06.2009</u>	<u>30.06.2010</u>	<u>30.06.2009</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	16	1,057,687	944,878	2,082,679	1,960,384
Interest expense	17	(432,699)	(348,348)	(806,020)	(780,813)
Net interest income		624,988	596,530	1,276,659	1,179,571
Other operating income	18	185,442	172,300	360,304	343,140
Income from Islamic Banking business	19	810,430	768,830	1,636,963	1,522,711
		79,247	101,411	163,559	161,832
Other operating expenses	20	889,677	870,241	1,800,522	1,684,543
		(340,457)	(299,216)	(698,401)	(637,785)
Operating profit before allowances		549,220	571,025	1,102,121	1,046,758
Allowance for impairment on loans, advances and financing	21	(92,440)	(194,137)	(179,795)	(365,687)
Impairment on other assets		5,254	3,101	5,751	22,536
Profit before taxation		462,034	379,989	928,077	703,607
Taxation		(111,230)	(91,544)	(229,491)	(170,777)
Net profit for the financial period		350,804	288,445	698,586	532,830
Earnings per share (sen)					
- Basic earnings per 50 sen share		5.29	4.35	10.53	8.03
- Diluted earnings per 50 sen share		5.29	4.35	10.53	8.03

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
	<b>Current Financial Quarter Ended 30.06.2010</b>	<b>Preceding Corresponding Quarter Ended 30.06.2009</b>	<b>Current Financial Half Year Ended 30.06.2010</b>	<b>Preceding Corresponding Half Year Ended 30.06.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial period	<b>350,804</b>	288,445	<b>698,586</b>	532,830
Other comprehensive income/(loss):				
Currency translation differences	<b>(7,165)</b>	(14,008)	<b>(48,334)</b>	19,716
Financial investments available-for-sale				
- Unrealised net gain/(loss) on revaluation	<b>34,320</b>	(34,405)	<b>67,822</b>	(90,246)
- Net transfer to income statement on disposal or impairment	<b>(13,732)</b>	(3,488)	<b>(29,767)</b>	(19,053)
Income tax relating to components of other comprehensive income/(loss)	<b>(5,296)</b>	14,936	<b>(9,519)</b>	27,295
Other comprehensive income/(loss) for the financial period	<b>8,127</b>	(36,965)	<b>(19,798)</b>	(62,288)
Total comprehensive income for the financial period	<b>358,931</b>	251,480	<b>678,788</b>	470,542

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

<b>Bank</b>	<b>Note</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
		<b>Current Financial Quarter Ended</b>	<b>Preceding Corresponding Quarter Ended</b>	<b>Current Financial Half Year Ended</b>	<b>Preceding Corresponding Half Year Ended</b>
		<b>30.06.2010</b>	<b>30.06.2009</b>	<b>30.06.2010</b>	<b>30.06.2009</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	16	1,046,574	925,246	2,059,302	1,918,433
Interest expense	17	<b>(430,124)</b>	<b>(343,779)</b>	<b>(801,670)</b>	<b>(764,150)</b>
Net interest income		<b>616,450</b>	581,467	<b>1,257,632</b>	1,154,283
Other operating income	18	<b>184,461</b>	161,575	<b>354,410</b>	331,037
Other operating expenses	20	<b>800,911</b>	743,042	<b>1,612,042</b>	1,485,320
		<b>(301,075)</b>	<b>(261,514)</b>	<b>(618,147)</b>	<b>(562,044)</b>
Operating profit before allowances		<b>499,836</b>	481,528	<b>993,895</b>	923,276
Allowance for impairment on loans, advances and financing	21	<b>(84,838)</b>	(147,839)	<b>(123,083)</b>	(291,993)
Impairment on other assets		<b>5,277</b>	487	<b>5,774</b>	19,922
Profit before taxation		<b>420,275</b>	334,176	<b>876,586</b>	651,205
Taxation		<b>(103,428)</b>	(85,165)	<b>(218,821)</b>	(162,887)
Net profit for the financial period		<b>316,847</b>	249,011	<b>657,765</b>	488,318
Earnings per share (sen)					
- Basic earnings per 50 sen share		<b>4.77</b>	3.75	<b>9.91</b>	7.36
- Diluted earnings per 50 sen share		<b>4.77</b>	3.75	<b>9.91</b>	7.36

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended</b>	Preceding Corresponding Quarter Ended	<b>Current Financial Half Year Ended</b>	Preceding Corresponding Half Year Ended
	<b>30.06.2010</b>	30.06.2009	<b>30.06.2010</b>	30.06.2009
<b>Bank</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the financial period	<b>316,847</b>	249,011	<b>657,765</b>	488,318
Other comprehensive income/(loss):				
Currency translation differences	<b>(4,362)</b>	742	<b>(27,728)</b>	14,669
Financial investments available-for-sale				
- Unrealised net gain/(loss) on revaluation	<b>32,867</b>	(27,769)	<b>66,623</b>	(83,095)
- Net transfer to income statement on disposal or impairment	<b>(11,971)</b>	(873)	<b>(28,006)</b>	(6,916)
Income tax relating to components of other comprehensive income/(loss)	<b>(5,224)</b>	7,161	<b>(9,654)</b>	22,456
Other comprehensive income/(loss) for the financial period	<b>11,310</b>	(20,739)	<b>1,235</b>	(52,886)
Total comprehensive income for the financial period	<b>328,157</b>	228,272	<b>659,000</b>	435,432

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

<b>Group</b>	← <b>Attributable to equity holders</b> → <b>of the Bank</b>						<b>Total</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserves</b> <b>RM'000</b>	<b>Translation reserves</b> <b>RM'000</b>	<b>AFS reserves</b> <b>RM'000</b>	<b>Retained profits</b> <b>RM'000</b>	
Balance as at 1 January 2010							
- As previously stated	3,318,085	8,563	2,588,710	(13,818)	(16,005)	1,946,458	7,831,993
- Effect of adoption of FRS 139	-	-	-	(64)	109,357	56,295	165,588
- As restated	3,318,085	8,563	2,588,710	(13,882)	93,352	2,002,753	7,997,581
Net profit for the financial period	-	-	-	-	-	698,586	698,586
Other comprehensive income/(loss) for the financial period	-	-	-	(48,334)	28,536	-	(19,798)
Total comprehensive income/(loss) for the financial period	-	-	-	(48,334)	28,536	698,586	678,788
Transfer to statutory reserves	-	-	164,441	-	-	(164,441)	-
Ordinary dividends	-	-	-	-	-	(94,068)	(94,068)
<b>Balance as at 30 June 2010</b>	<b>3,318,085</b>	<b>8,563</b>	<b>2,753,151</b>	<b>(62,216)</b>	<b>121,888</b>	<b>2,442,830</b>	<b>8,582,301</b>
Balance as at 1 January 2009	3,318,085	8,563	2,286,753	(17,371)	16,219	1,215,865	6,828,114
Net profit for the financial period	-	-	-	-	-	532,830	532,830
Other comprehensive income/(loss) for the financial period	-	-	-	19,716	(82,004)	-	(62,288)
Total comprehensive income/(loss) for the financial period	-	-	-	19,716	(82,004)	532,830	470,542
Transfer to statutory reserves	-	-	122,374	-	-	(122,374)	-
Ordinary dividends	-	-	-	-	-	(155,286)	(155,286)
Balance as at 30 June 2009	3,318,085	8,563	2,409,127	2,345	(65,785)	1,471,035	7,143,370

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

<b>Bank</b>	← Non-distributable →					Distributable	<b>Total</b> RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
Balance as at 1 January 2010							
- As previously stated	3,318,085	8,563	2,390,971	25,585	(23,595)	1,460,435	7,180,044
- Effect of adoption of FRS 139	-	-	-	-	109,357	33,660	143,017
- As restated	3,318,085	8,563	2,390,971	25,585	85,762	1,494,095	7,323,061
Net profit for the financial period	-	-	-	-	-	657,765	657,765
Other comprehensive income/(loss) for the financial period	-	-	-	(27,728)	28,963	-	1,235
Total comprehensive income/(loss) for the financial period	-	-	-	(27,728)	28,963	657,765	659,000
Transfer to statutory reserves	-	-	164,441	-	-	(164,441)	-
Ordinary dividends	-	-	-	-	-	(94,068)	(94,068)
<b>Balance as at 30 June 2010</b>	<b>3,318,085</b>	<b>8,563</b>	<b>2,555,412</b>	<b>(2,143)</b>	<b>114,725</b>	<b>1,893,351</b>	<b>7,887,993</b>
Balance as at 1 January 2009	3,318,085	8,563	2,121,042	15,959	(3,484)	805,934	6,266,099
Net profit for the financial period	-	-	-	-	-	488,318	488,318
Other comprehensive income/(loss) for the financial period	-	-	-	14,669	(67,555)	-	(52,886)
Total comprehensive income/(loss) for the financial period	-	-	-	14,669	(67,555)	488,318	435,432
Transfer to statutory reserves	-	-	122,080	-	-	(122,080)	-
Ordinary dividends	-	-	-	-	-	(155,286)	(155,286)
Balance as at 30 June 2009	3,318,085	8,563	2,243,122	30,628	(71,039)	1,016,886	6,546,245

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	<b>Six Months Ended</b>	
	<u>30.06.2010</u>	<u>30.06.2009</u>
	<b>RM '000</b>	<b>RM '000</b>
<b><u>Group</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	928,077	703,607
Adjustment for non-cash items	47,833	175,750
Operating profit before changes in working capital	<u>975,910</u>	<u>879,357</u>
Changes in working capital:		
Net changes in operating assets	(5,333,944)	43,010
Net changes in operating liabilities	<u>3,875,741</u>	<u>1,140,084</u>
Cash (used in)/generated from operations	(1,458,203)	1,183,094
Taxation paid	<u>(196,347)</u>	<u>(183,940)</u>
Net cash (used in)/generated from operating activities	<u>(678,640)</u>	<u>1,878,511</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(54,910)	(45,633)
Proceeds from disposal of property, plant and equipment	1,414	5,417
Proceeds from disposal of prepaid land lease	83	-
Net purchase of financial investments available-for-sale	(1,116,667)	(1,939,224)
Net purchase of financial investments held-to-maturity	(549,496)	(1,442,763)
Interest received from financial investments available-for-sale	109,875	90,256
Investment income received from financial investments available-for-sale	27,423	15,921
Interest received from financial investments held-to-maturity	176,076	161,562
Investment income received from financial investments held-to-maturity	21,093	18,738
Dividend income from financial investments available-for-sale	1,096	46
Net cash used in investing activities	<u>(1,384,013)</u>	<u>(3,135,680)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of subordinated obligations	1,000,000	-
Proceeds from issuance of Hybrid Tier I Capital Securities	-	366,887
Dividends paid to shareholder	<u>(94,068)</u>	<u>(155,286)</u>
Net cash generated from financing activities	<u>905,932</u>	<u>211,601</u>
Net decrease in cash and cash equivalents	(1,156,721)	(1,045,568)
Effects of exchange rate differences	(116,323)	25,026
Cash and cash equivalents:		
- at the beginning of the financial period	15,308,992	13,451,946
- at the end of the financial period	<u>14,035,948</u>	<u>12,431,404</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>14,035,948</u>	<u>12,431,404</u>

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*



**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	<b>Six Months Ended</b>	
	<u>30.06.2010</u>	<u>30.06.2009</u>
	<b>RM '000</b>	<b>RM '000</b>
<b><u>Bank</u></b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	876,586	651,205
Adjustment for non-cash items	6,777	148,311
Operating profit before changes in working capital	<u>883,363</u>	<u>799,516</u>
Changes in working capital:		
Net changes in operating assets	(4,511,876)	5,625
Net changes in operating liabilities	<u>3,377,634</u>	<u>141,155</u>
Cash (used in)/generated from operations	<u>(1,134,242)</u>	<u>146,780</u>
Taxation paid	<u>(181,277)</u>	<u>(189,756)</u>
Net cash (used in)/generated from operating activities	<u>(432,156)</u>	<u>756,540</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(51,875)	(41,241)
Proceeds from disposal of property, plant and equipment	1,414	4,618
Proceeds from disposal of prepaid land lease	83	-
Net purchase of financial investments available-for-sale	<u>(906,878)</u>	<u>(1,784,980)</u>
Net purchase of financial investments held-to-maturity	<u>(548,359)</u>	<u>(1,469,083)</u>
Interest received from financial investments available-for-sale	109,686	90,088
Interest received from financial investments held-to-maturity	175,506	155,779
Dividend income from financial investments available-for-sale	1,092	46
Dividend income from subsidiary companies	-	(3,241)
Net cash received on liquidation of subsidiaries	-	7,598
Net cash used in investing activities	<u>(1,219,331)</u>	<u>(3,040,416)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of subordinated obligations	1,000,000	-
Proceeds from issuance of Hybrid Tier I Capital Securities	-	366,887
Principal repayment of finance lease	-	(119)
Dividends paid to shareholder	<u>(94,068)</u>	<u>(155,286)</u>
Net cash generated from financing activities	<u>905,932</u>	<u>211,482</u>
Net decrease in cash and cash equivalents	<u>(745,555)</u>	<u>(2,072,394)</u>
Effects of exchange rate differences	<u>(101,989)</u>	<u>21,119</u>
Cash and cash equivalents:		
- at the beginning of the financial period	<u>12,790,568</u>	<u>11,963,560</u>
- at the end of the financial period	<u>11,943,024</u>	<u>9,912,285</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>11,943,024</u>	<u>9,912,285</u>

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2009.*

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**1 Basis Of Preparation**

The interim financial statements are unaudited and has been prepared in compliance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ("MASB") and should be read in conjunction with the audited financial statements of the Group and the Bank for the last financial year ended 31 December 2009.

The accounting policies and presentation adopted by the Group and the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective from 1 January 2010:

FRS 101	Presentation of Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosure
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material financial effects to the Group and the Bank, other than the effects and change in accounting policies arising from the adoption of FRS 139 as disclosed in Note 29.

**2 Auditors' Report**

The auditors' report for the financial year ended 31 December 2009 was not subject to any qualification.

**3 Seasonal Or Cyclical Factors**

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

**4 Exceptional Or Extraordinary Items**

There were no exceptional or extraordinary items for the six months ended 30 June 2010.

**5 Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the six months ended 30 June 2010.

**6 Changes In Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review, except for the issuance of RM1.0 billion nominal value of Subordinated Notes, being the remaining balance of the RM3.0 billion nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme, on 29 April 2010.

**7 Dividends Paid**

During the six months ended 30 June 2010, a final gross dividend of 1.89 sen, less 25% tax in respect of financial year ended 31 December 2009, amounting to RM94,068,000 was paid on 17 June 2010.

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**8 Financial Assets Held-For-Trading**

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited As at 30.06.2010 RM'000</b>	<b>Audited As at 31.12.2009 RM'000</b>	<b>Unaudited As at 30.06.2010 RM'000</b>	<b>Audited As at 31.12.2009 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	147,116	-	147,116	-
Malaysian Government Treasury Bills	34,410	-	34,410	-
Bank Negara Malaysia Monetary Notes	429,038	-	380,026	-
Malaysian Government Investment Issues	71,028	-	20,325	-
Bankers' acceptances and Islamic accepted notes	47,349	-	-	-
Singapore Government Treasury Bills	244,562	92,749	244,562	92,749
Thailand Government Bonds	5,154	-	5,154	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	69,094	30,932	-	-
	<b>1,047,751</b>	<b>123,681</b>	<b>831,593</b>	<b>92,749</b>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**9 Financial Investments Available-For-Sale**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,474,330	1,837,447	2,474,330	1,837,447
Malaysian Government Investment Issues	1,305,060	879,113	366,569	150,156
Cagamas bonds and Cagamas Mudharabah bonds	448,173	444,542	448,173	444,542
Negotiable instruments of deposits	107,184	109,672	107,184	109,672
Singapore Government Treasury Bills	69,407	134,262	69,407	134,262
Singapore Government Securities	77,908	83,610	77,908	83,610
Khazanah bonds	39,661	-	39,661	-
Thailand Government Bonds	50,651	20,755	50,651	20,755
1 Malaysia Sukuk	132,061	-	132,061	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	12,594	14,678	12,594	14,678
Shares	5,413	5,659	2,817	3,326
<u>Outside Malaysia</u>				
Shares	16	11	-	-
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	112,704	112,604	112,704	112,604
Shares	312,081	166,272	311,506	165,697
Private debt securities	2,650,723	2,680,680	2,185,223	2,215,008
<u>Outside Malaysia</u>				
Private debt securities	14,723	53,318	14,723	53,318
Structured notes	-	22,729	-	22,729
	<b>7,812,689</b>	<b>6,565,352</b>	<b>6,405,511</b>	<b>5,367,804</b>

The carrying value of financial investments available-for-sale as at 30 June 2010, which was transferred from financial assets held-for-trading in previous financial year, for the Group and the Bank are RM1,294,303,000 (31.12.2009: RM1,520,236,000) and RM1,273,953,000 (31.12.2009: RM1,499,951,000) respectively.

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**10 Financial Investments Held-To-Maturity**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,930,780	2,343,020	2,930,780	2,343,020
Cagamas bonds and Cagamas Mudharabah bonds	730,105	779,550	549,847	604,350
Khazanah bonds	51,440	34,935	51,440	-
Malaysian Government Investment Issues	1,373,109	1,327,616	775,314	761,045
Singapore Government Securities	115,669	121,748	115,669	121,748
Thailand Government Securities	250,182	237,187	250,182	237,187
Singapore Government Treasury Bills	23,185	-	23,185	-
Negotiable instruments of deposits	1,750,000	1,800,000	1,750,000	1,800,000
Sukuk (Brunei) Incorporation	23,185	41,538	23,185	41,538
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Bonds	25,013	25,013	860	860
Prasarana bonds	1,751,987	1,753,591	1,751,987	1,753,591
Private debt securities	2,222,993	2,291,301	1,926,256	2,025,655
Corporate loan stocks	84,072	60,507	84,072	60,507
<u>Outside Malaysia</u>				
Private debt securities	19,269	20,364	-	-
Floating rate notes	-	28,419	-	-
Structured notes	32,746	33,059	32,746	33,059
	<b>11,383,735</b>	10,897,848	<b>10,265,523</b>	9,782,560
Accumulated impairment losses	<b>(117,309)</b>	(130,925)	<b>(117,309)</b>	(130,925)
	<b>11,266,426</b>	10,766,923	<b>10,148,214</b>	9,651,635

The carrying value of financial investments held-to-maturity as at 30 June 2010, which was transferred from financial assets held-for-trading in previous financial year, for the Group and the Bank are RM27,301,000 (31.12.2009: RM28,806,000) and RM8,032,000 (31.12.2009: RM8,442,000) respectively. The fair value of these financial investments as at 30 June 2010 for the Group and the Bank are RM28,773,000 (31.12.2009: RM29,011,000) and RM8,032,000 (31.12.2009: RM8,442,000) respectively.

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**11 Loans, Advances and Financing**

**(i) By type**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
<b>At amortised cost</b>				
Overdrafts	6,168,934	5,989,096	6,040,193	5,905,150
Term loans/financing				
- housing loans/financing	16,707,763	15,510,118	14,571,086	13,635,744
- syndicated term loans/financing	2,497,825	2,899,403	1,000,000	1,183,871
- hire purchase receivables	11,828,261	11,360,314	10,292,146	10,096,440
- lease receivables	172,121	191,548	-	-
- other term loans/financing	26,872,964	21,512,808	24,585,331	19,396,822
Bills receivable	1,465,034	1,238,462	1,326,169	1,126,324
Trust receipts	417,847	381,389	388,173	348,602
Claims on customers under acceptance credits	4,677,952	4,909,187	4,202,929	4,421,097
Staff loans/financing	355,791	367,261	343,785	354,103
Credit card receivables	2,450,386	2,247,498	2,450,386	2,247,498
Revolving credit	4,071,201	4,913,737	3,497,713	4,266,950
Floor stocking	5,404	2,609	5,404	2,609
	<u>77,691,483</u>	71,523,430	<u>68,703,315</u>	62,985,210
Unearned interest and income	<u>(1,760,835)</u>	<u>(1,677,729)</u>	<u>(1,526,999)</u>	<u>(1,487,135)</u>
Gross loans, advances and financing	<u>75,930,648</u>	69,845,701	<u>67,176,316</u>	61,498,075
Allowance for impaired loans and financing				
- individual assessment allowance	(1,389,098)	-	(1,178,689)	-
- collective assessment allowance	(1,608,568)	-	(1,423,861)	-
- general allowance	-	(953,855)	-	(829,732)
- specific allowance	-	(1,764,729)	-	(1,551,647)
Net loans, advances and financing	<u><u>72,932,982</u></u>	<u>67,127,117</u>	<u><u>64,573,766</u></u>	<u>59,116,696</u>

Included in term loans are housing loans and hire purchase receivables sold to Cagamas with recourse amounting to RM1,047,935,000 (31.12.2009: RM1,168,826,000) for the Group and the Bank.

**(ii) By type of customer**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Domestic non-bank financial institutions				
- Others	352,237	377,356	337,823	356,703
Domestic business enterprises				
- Small medium enterprises	11,311,936	11,342,280	10,439,316	10,470,732
- Others	20,998,259	20,019,990	17,259,174	16,285,728
Government and statutory bodies	5,903,811	3,764,664	5,793,984	3,652,478
Individuals	32,801,123	29,493,939	29,578,229	26,805,244
Other domestic entities	59,762	12,609	59,205	11,933
Foreign entities	4,503,520	4,834,863	3,708,585	3,915,257
	<u>75,930,648</u>	69,845,701	<u>67,176,316</u>	61,498,075

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(iii) By geographical distribution**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
In Malaysia	72,530,682	66,200,897	63,813,027	57,908,937
Outside Malaysia				
- Singapore operations	2,917,353	3,068,090	2,883,369	3,012,448
- Thailand operations	330,020	414,566	330,020	414,542
- Brunei operations	152,593	162,148	149,900	162,148
	<b>75,930,648</b>	<b>69,845,701</b>	<b>67,176,316</b>	<b>61,498,075</b>

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

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Fixed rate				
- Housing loans/financing	1,482,944	1,501,691	168,936	84,512
- Hire purchase receivables	10,091,982	9,703,885	8,781,762	8,621,200
- Other fixed rate loans/financing	10,284,140	8,067,170	8,673,785	6,274,183
Variable rate				
- Base Lending Rate plus	30,417,288	27,386,891	28,339,551	26,045,031
- Cost-plus	18,858,794	18,468,875	17,837,182	17,388,631
- Other variable rates	4,795,500	4,717,189	3,375,100	3,084,518
	<b>75,930,648</b>	<b>69,845,701</b>	<b>67,176,316</b>	<b>61,498,075</b>

**(v) By Purpose**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Purchase of securities	3,365,236	2,350,804	3,332,343	2,310,777
Purchase of transport vehicles	8,723,973	8,225,293	7,247,663	6,953,525
Purchase of landed property:				
- Residential	17,227,834	15,999,626	15,078,832	14,151,162
- Non-residential	4,298,050	3,943,025	4,248,422	3,875,849
Purchase of property, plant and equipment other than land and building	3,571,252	3,757,180	2,391,184	2,592,594
Personal use	2,202,525	2,081,904	2,187,666	2,068,113
Credit card	2,450,386	2,247,498	2,450,386	2,247,498
Purchase of consumer durables	57,648	61,414	57,558	61,305
Construction	2,279,255	2,218,554	1,545,777	1,568,295
Working capital	21,883,806	22,489,695	19,474,072	19,696,768
Other purposes	9,870,683	6,470,708	9,162,413	5,972,189
	<b>75,930,648</b>	<b>69,845,701</b>	<b>67,176,316</b>	<b>61,498,075</b>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(vi) By remaining contractual maturities**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Maturity within one year	27,056,853	20,765,504	24,959,613	18,636,326
One year to three years	4,511,671	4,831,983	3,346,447	3,689,914
Three years to five years	9,433,028	8,217,166	8,400,267	7,024,373
Over five years	34,929,096	36,031,048	30,469,989	32,147,462
	<u>75,930,648</u>	<u>69,845,701</u>	<u>67,176,316</u>	<u>61,498,075</u>

**(vii) Impaired loans, advances and financing**

**(a) Movement in impaired loans, advances and financing**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Balance as at the beginning of financial period/year				
- As previously stated	3,260,995	2,773,693	2,786,641	2,439,233
- Effect of adoption of FRS 139	1,375,390	-	1,272,812	-
- As restated	4,636,385	2,773,693	4,059,453	2,439,233
Amount vested over from RHB Investment Bank Berhad	-	75,958	-	75,958
Classified as impaired during the financial period/year	2,057,419	3,868,086	1,644,357	3,395,364
Reclassified as non-impaired during the financial period/year	(1,667,684)	(2,502,944)	(1,486,054)	(2,256,431)
Amount recovered	(294,397)	(395,205)	(271,046)	(346,827)
Amount written off	(254,437)	(559,943)	(252,870)	(522,607)
Exchange difference	(11,590)	1,350	(7,286)	1,951
Balance as at the end of financial period/year	<u>4,465,696</u>	<u>3,260,995</u>	<u>3,686,554</u>	<u>2,786,641</u>



**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(vii) Impaired loans, advances and financing (cont'd)**

**(b) By purpose**

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited As at 30.06.2010 RM'000</b>	<b>Audited As at 31.12.2009 RM'000</b>	<b>Unaudited As at 30.06.2010 RM'000</b>	<b>Audited As at 31.12.2009 RM'000</b>
Purchase of securities	131,476	4,476	131,476	4,476
Purchase of transport vehicles	238,425	180,867	154,490	173,430
Purchase of landed property:				
- Residential	1,080,540	1,088,996	888,390	899,216
- Non-residential	294,147	167,975	270,442	165,285
Purchase of property, plant and equipment other than land and building	211,178	114,830	129,183	95,190
Personal use	96,141	92,830	95,370	90,620
Credit card	60,968	69,677	60,968	69,677
Purchase of consumer durables	3,168	3,745	3,168	3,745
Construction	226,261	105,533	214,324	93,176
Working capital	2,060,709	1,384,067	1,676,224	1,143,851
Other purposes	62,683	47,999	62,519	47,975
	<b>4,465,696</b>	<b>3,260,995</b>	<b>3,686,554</b>	<b>2,786,641</b>

**(c) By geographical distribution**

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited As at 30.06.2010 RM'000</b>	<b>Audited As at 31.12.2009 RM'000</b>	<b>Unaudited As at 30.06.2010 RM'000</b>	<b>Audited As at 31.12.2009 RM'000</b>
In Malaysia	4,307,093	3,080,320	3,561,124	2,640,029
Outside Malaysia				
- Singapore operations	129,685	164,374	96,512	130,335
- Thailand operations	24,033	8,896	24,033	8,872
- Brunei operations	4,885	7,405	4,885	7,405
	<b>4,465,696</b>	<b>3,260,995</b>	<b>3,686,554</b>	<b>2,786,641</b>

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(vii) Impaired loans, advances and financing (cont'd)**

**(d) Movement in allowance for impaired loans, advances and financing**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
<b>Collective assessment allowance</b>				
Balance as at the beginning of financial period/year				
- As previously stated	-	-	-	-
- Effect of adoption of FRS 139	1,613,437	-	1,437,941	-
- As restated	1,613,437	-	1,437,941	-
Allowance made	327,901	-	312,776	-
Amount recovered	(134,536)	-	(130,299)	-
Amount written off	(194,717)	-	(194,717)	-
Exchange difference	(3,517)	-	(1,840)	-
Balance as at the end of financial period/year	<u>1,608,568</u>	<u>-</u>	<u>1,423,861</u>	<u>-</u>
<b>Individual assessment allowance</b>				
Balance as at the beginning of financial period/year				
- As previously stated	-	-	-	-
- Effect of adoption of FRS 139	1,350,111	-	1,184,796	-
- As restated	1,350,111	-	1,184,796	-
Allowance made	148,741	-	90,382	-
Amount recovered	(54,853)	-	(45,894)	-
Amount written off	(49,083)	-	(47,517)	-
Exchange difference	(5,818)	-	(3,078)	-
Balance as at the end of financial period/year	<u>1,389,098</u>	<u>-</u>	<u>1,178,689</u>	<u>-</u>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**11 Loans, Advances and Financing (cont'd)**

**(vii) Impaired loans, advances and financing (cont'd)**

**(d) Movement in allowance for impaired loans, advances and financing (cont'd)**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
<b>General Allowance</b>				
Balance as at the beginning of financial period/year				
- As previously stated	953,855	1,098,400	829,732	956,085
- Effect of adoption of FRS 139	(953,855)	-	(829,732)	-
- As restated	-	1,098,400	-	956,085
Net allowance written back	-	(144,722)	-	(127,095)
Exchange difference	-	177	-	742
Balance as at the end of financial period/year	-	953,855	-	829,732
As % of gross loans, advances and financing less loans exempted from general allowance by Bank Negara Malaysia and specific allowance	-	1.5%	-	1.5%
<b>Specific Allowance</b>				
Balance as at the beginning of financial period/year				
- As previously stated	1,764,729	1,413,048	1,551,647	1,279,234
- Effect of adoption of FRS 139	(1,764,729)	-	(1,551,647)	-
- As restated	-	1,413,048	-	1,279,234
Amount vested over from RHB Investment				
Bank Berhad	-	22,882	-	22,882
Allowance made	-	1,161,868	-	1,013,223
Amount recovered	-	(268,832)	-	(237,633)
Amount written off	-	(563,488)	-	(526,889)
Exchange difference	-	(749)	-	830
Balance as at the end of financial period/year	-	1,764,729	-	1,551,647

**12 Other Assets**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Other debtors, deposits and prepayments	313,468	275,038	246,917	240,458
Accrued interest receivable	187,335	173,273	160,050	147,020
Amount due from holding company	1,488	-	1,488	-
Amounts due from subsidiaries	-	-	103,659	228,599
Amounts due from related companies	27,351	5,785	27,349	5,785
	529,642	454,096	539,463	621,862

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**13 Deposits from Customers**

**(i) By type of deposits**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Demand deposits	19,293,606	18,643,096	17,313,461	16,586,285
Savings deposits	5,823,035	5,663,371	5,266,696	5,099,883
Fixed/Investment deposits	60,701,404	57,244,978	52,711,164	49,592,081
Negotiable instruments of deposits	313,092	316,409	308,228	311,655
	<u>86,131,137</u>	<u>81,867,854</u>	<u>75,599,549</u>	<u>71,589,904</u>

**(ii) By type of customer**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Government and statutory bodies	7,174,093	6,421,045	5,775,640	4,659,229
Business enterprises	49,468,692	47,692,150	42,377,302	40,535,823
Individuals	25,948,014	25,372,763	25,020,072	24,454,489
Others	3,540,338	2,381,896	2,426,535	1,940,363
	<u>86,131,137</u>	<u>81,867,854</u>	<u>75,599,549</u>	<u>71,589,904</u>

**(iii) By maturity structure of fixed/investment deposits and negotiable instruments of deposits**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Due within six months	52,396,722	48,803,931	45,205,211	41,874,203
Six months to one year	8,081,616	8,105,949	7,283,252	7,394,931
One year to three years	512,432	645,883	507,921	629,956
Three years to five years	23,726	5,382	23,008	4,646
Over five years	-	242	-	-
	<u>61,014,496</u>	<u>57,561,387</u>	<u>53,019,392</u>	<u>49,903,736</u>

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**14 Deposits and Placements of Banks and Other Financial Institutions**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Licensed banks/Islamic banks	4,961,963	5,214,833	3,739,484	4,676,253
Licensed investment banks	166,850	100,000	100,150	100,000
Bank Negara Malaysia	745,654	690,006	745,654	690,006
Other financial institutions	485	348,385	485	485
	<u>5,874,952</u>	<u>6,353,224</u>	<u>4,585,773</u>	<u>5,466,744</u>

**15 Other Liabilities**

	Group		Bank	
	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000	Unaudited As at 30.06.2010 RM'000	Audited As at 31.12.2009 RM'000
Accrued interest payable	324,563	289,333	289,910	258,194
Amount due to holding company	109	1,882	-	1,716
Amounts due to subsidiaries	-	-	147,721	16,886
Amounts due to related companies	3,654	4,658	3,466	4,471
Amount due to Danaharta	1,750	1,824	1,750	1,824
Prepaid instalment	75,850	76,602	75,850	76,602
Lessee deposits	71,784	73,941	-	-
Short term employee benefits	71,248	147,867	65,129	139,762
Other creditors and accruals	699,632	674,646	612,835	573,952
	<u>1,248,590</u>	<u>1,270,753</u>	<u>1,196,661</u>	<u>1,073,407</u>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**16 Interest Income**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2010</u>	<u>Preceding Corresponding Quarter Ended 30.06.2009</u>	<u>Current Financial Half Year Ended 30.06.2010</u>	<u>Preceding Corresponding Half Year Ended 30.06.2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans, advances and financing	839,362	756,810	1,655,655	1,542,266
Money at call and deposit placements with banks and other financial institutions	69,546	52,774	132,320	142,412
Securities purchased under resale agreements	504	239	5,958	470
Financial assets held-for-trading	1,698	380	2,568	15,311
Financial investments available-for-sale	53,586	51,851	104,021	91,654
Financial investments held-to-maturity	91,174	80,677	178,601	164,517
Others	1,817	2,147	3,556	3,754
	<u>1,057,687</u>	<u>944,878</u>	<u>2,082,679</u>	<u>1,960,384</u>

Of which:

Interest income earned on impaired loans, advances and financing

	<u>13,191</u>	<u>-</u>	<u>22,562</u>	<u>-</u>
--	---------------	----------	---------------	----------

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2010</u>	<u>Preceding Corresponding Quarter Ended 30.06.2009</u>	<u>Current Financial Half Year Ended 30.06.2010</u>	<u>Preceding Corresponding Half Year Ended 30.06.2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans, advances and financing	826,510	735,006	1,628,728	1,497,237
Money at call and deposit placements with banks and other financial institutions	71,610	56,421	136,643	149,267
Securities purchased under resale agreements	504	239	5,958	470
Financial assets held-for-trading	1,698	380	2,568	15,311
Financial investments available-for-sale	53,586	51,766	104,021	91,486
Financial investments held-to-maturity	90,849	79,402	177,828	160,908
Others	1,817	2,032	3,556	3,754
	<u>1,046,574</u>	<u>925,246</u>	<u>2,059,302</u>	<u>1,918,433</u>

Of which:

Interest income earned on impaired loans, advances and financing

	<u>10,341</u>	<u>-</u>	<u>19,236</u>	<u>-</u>
--	---------------	----------	---------------	----------

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**17 Interest Expense**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended</b>	Preceding Corresponding Quarter Ended	<b>Current Financial Half Year Ended</b>	Preceding Corresponding Half Year Ended
	<b>30.06.2010</b>	30.06.2009	<b>30.06.2010</b>	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	18,991	12,002	36,503	32,827
Deposits from customers	338,869	280,884	629,572	637,844
Borrowings	2,091	3,625	4,719	9,519
Subordinated obligations	34,744	25,804	60,265	51,325
Recourse obligation on loans sold to Cagamas	12,877	10,799	27,058	24,297
Hybrid Tier I Capital Securities	11,307	7,432	22,488	7,514
Others	13,820	7,802	25,415	17,487
	<b>432,699</b>	<b>348,348</b>	<b>806,020</b>	<b>780,813</b>

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended</b>	Preceding Corresponding Quarter Ended	<b>Current Financial Half Year Ended</b>	Preceding Corresponding Half Year Ended
	<b>30.06.2010</b>	30.06.2009	<b>30.06.2010</b>	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	19,126	12,359	37,621	32,578
Deposits from customers	336,159	275,131	624,104	621,428
Borrowings	2,091	3,625	4,719	9,519
Subordinated obligations	34,744	25,804	60,265	51,325
Recourse obligation on loans sold to Cagamas	12,877	10,799	27,058	24,297
Hybrid Tier I Capital Securities	11,307	7,432	22,488	7,514
Others	13,820	8,629	25,415	17,489
	<b>430,124</b>	<b>343,779</b>	<b>801,670</b>	<b>764,150</b>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**18 Other Operating Income**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
	<b>Current Financial Quarter Ended 30.06.2010</b>	<b>Preceding Corresponding Quarter Ended 30.06.2009</b>	<b>Current Financial Half Year Ended 30.06.2010</b>	<b>Preceding Corresponding Half Year Ended 30.06.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
a) Fee Income:				
Commission	29,972	30,221	58,301	60,705
Service charges and fees	36,443	37,525	76,903	73,337
Guarantee fees	7,840	10,596	15,807	17,918
Commitment fees	13,256	11,282	25,744	22,629
Underwriting fees	140	-	466	-
Other fees	3,478	3,136	6,577	5,320
	<b>91,129</b>	<b>92,760</b>	<b>183,798</b>	<b>179,909</b>
b) Net gain arising on financial assets held-for-trading				
- net gain on disposal	6,299	4,217	7,789	26,090
- unrealised revaluation gain	3,711	9,083	6,376	12,304
	<b>10,010</b>	<b>13,300</b>	<b>14,165</b>	<b>38,394</b>
c) Unrealised gain/(loss) on revaluation of derivatives	2,958	(8,320)	3,722	7,939
	<b>2,958</b>	<b>(8,320)</b>	<b>3,722</b>	<b>7,939</b>
d) Net gain arising on financial investments available-for-sale				
- net gain on disposal	11,971	645	28,006	947
- gross dividend income	729	62	1,177	62
	<b>12,700</b>	<b>707</b>	<b>29,183</b>	<b>1,009</b>
e) Net gain arising on financial investments held-to-maturity				
- net gain on redemption	1,044	-	1,044	-
	<b>1,044</b>	<b>-</b>	<b>1,044</b>	<b>-</b>
f) Other income:				
Foreign exchange gain/(loss)				
- Realised	80,514	102,252	126,596	66,389
- Unrealised	(26,236)	(46,062)	(24,048)	17,999
Gain on disposal of property, plant and equipment	577	1,300	664	2,610
Other operating income	11,158	13,512	22,179	24,666
Other non-operating income	1,588	2,851	3,001	4,225
	<b>67,601</b>	<b>73,853</b>	<b>128,392</b>	<b>115,889</b>
	<b>185,442</b>	<b>172,300</b>	<b>360,304</b>	<b>343,140</b>



**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**18 Other Operating Income (cont'd)**

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
	<b>Current Financial Quarter Ended 30.06.2010</b>	<b>Preceding Corresponding Quarter Ended 30.06.2009</b>	<b>Current Financial Half Year Ended 30.06.2010</b>	<b>Preceding Corresponding Half Year Ended 30.06.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
a) Fee Income:				
Commission	29,255	29,041	56,407	58,408
Service charges and fees	35,878	36,058	74,217	69,561
Guarantee fees	7,840	10,596	15,807	17,918
Commitment fees	13,256	11,282	25,744	22,629
Underwriting fees	140	-	466	-
Other fees	3,593	3,252	6,813	5,557
	<b>89,962</b>	<b>90,229</b>	<b>179,454</b>	<b>174,073</b>
b) Net gain arising on financial assets held-for-trading				
- net gain on disposal	6,299	4,217	7,789	26,090
- unrealised revaluation gain	3,711	9,083	6,376	12,304
	<b>10,010</b>	<b>13,300</b>	<b>14,165</b>	<b>38,394</b>
c) Unrealised gain/(loss) on revaluation of derivatives	3,825	(11,639)	4,907	5,522
	<b>3,825</b>	<b>(11,639)</b>	<b>4,907</b>	<b>5,522</b>
d) Net gain arising on financial investments available-for-sale				
- net gain on disposal	11,971	645	28,006	947
- gross dividend income	725	62	1,173	62
	<b>12,696</b>	<b>707</b>	<b>29,179</b>	<b>1,009</b>
e) Net gain arising on financial investments held-to-maturity				
- net gain on redemption	1,044	-	1,044	-
	<b>1,044</b>	<b>-</b>	<b>1,044</b>	<b>-</b>
f) Other income:				
Foreign exchange gain/(loss)				
- Realised	80,364	101,758	125,012	67,714
- Unrealised	(26,236)	(46,062)	(24,048)	17,999
Gain on liquidation of subsidiaries	-	1,625	-	1,625
Gain on disposal of property, plant and equipment	577	1,210	664	2,521
Other operating income	11,033	8,895	21,928	19,887
Other non-operating income	1,186	1,552	2,105	2,293
	<b>66,924</b>	<b>68,978</b>	<b>125,661</b>	<b>112,039</b>
	<b>184,461</b>	<b>161,575</b>	<b>354,410</b>	<b>331,037</b>

**19 Income from Islamic Banking Business**

<b>Group</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
	<b>Current Financial Quarter Ended 30.06.2010</b>	<b>Preceding Corresponding Quarter Ended 30.06.2009</b>	<b>Current Financial Half Year Ended 30.06.2010</b>	<b>Preceding Corresponding Half Year Ended 30.06.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	113,852	106,736	221,538	210,849
Income derived from investment of shareholders' funds	15,408	6,936	29,455	21,951
Transfer (to)/from Profit Equalisation Reserve	(5,298)	22,652	(972)	5,737
Total distributable income	<b>123,962</b>	<b>136,324</b>	<b>250,021</b>	<b>238,537</b>
Income attributable to depositors	<b>(44,715)</b>	<b>(34,913)</b>	<b>(86,462)</b>	<b>(76,705)</b>
Income from Islamic Banking Business	<b>79,247</b>	<b>101,411</b>	<b>163,559</b>	<b>161,832</b>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**20 Other Operating Expenses**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2010</u>	<u>Preceding Corresponding Quarter Ended 30.06.2009</u>	<u>Current Financial Half Year Ended 30.06.2010</u>	<u>Preceding Corresponding Half Year Ended 30.06.2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	149,217	124,559	312,966	282,275
- Contributions to Employees Provident Fund	22,180	20,331	47,146	43,674
- Other staff related costs	13,820	15,982	29,414	30,694
	<u>185,217</u>	<u>160,872</u>	<u>389,526</u>	<u>356,643</u>
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	19,036	16,133	37,533	32,255
- Amortisation of prepaid land lease	125	126	251	252
- Rental of premises	14,286	12,644	27,859	24,716
- Rental of equipment	2,576	2,549	5,098	5,924
- Insurance	9,390	5,617	19,992	12,729
- Water and electricity	4,917	4,754	9,583	9,258
- Repair and maintenance	12,484	9,722	24,868	20,594
- Information technology expenses	22,926	7,286	49,508	31,260
- Others	574	418	1,343	1,286
	<u>86,314</u>	<u>59,249</u>	<u>176,035</u>	<u>138,274</u>
<u>Marketing expenses</u>				
- Sales commission	2,524	13,055	3,321	19,152
- Advertisement and publicity	8,038	5,197	11,931	10,572
- Dealers' handling and warranty fees	5,024	3,519	9,638	6,306
- Others	17,656	15,230	33,211	28,175
	<u>33,242</u>	<u>37,001</u>	<u>58,101</u>	<u>64,205</u>
<u>Administration and general expenses</u>				
- Communication expenses	17,425	19,256	36,650	39,257
- Others	18,259	22,838	38,089	39,406
	<u>35,684</u>	<u>42,094</u>	<u>74,739</u>	<u>78,663</u>
	<u>340,457</u>	<u>299,216</u>	<u>698,401</u>	<u>637,785</u>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**20 Other Operating Expenses (cont'd)**

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2010 RM'000</u>	<u>Preceding Corresponding Quarter Ended 30.06.2009 RM'000</u>	<u>Current Financial Half Year Ended 30.06.2010 RM'000</u>	<u>Preceding Corresponding Half Year Ended 30.06.2009 RM'000</u>
<b>Bank</b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	135,091	110,856	283,226	254,157
- Contributions to Employees Provident Fund	19,936	18,184	42,541	39,420
- Other staff related costs	12,368	14,308	26,683	27,863
	<u>167,395</u>	<u>143,348</u>	<u>352,450</u>	<u>321,440</u>
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	16,824	15,362	32,985	30,772
- Amortisation of prepaid land lease	81	81	162	162
- Rental of premises	13,694	12,050	26,746	23,616
- Rental of equipment	2,501	2,481	4,941	5,779
- Insurance	7,972	5,151	17,354	12,176
- Water and electricity	4,519	4,354	8,828	8,550
- Repair and maintenance	11,765	9,769	23,527	19,629
- Information technology expenses	21,346	4,744	44,858	26,800
	<u>78,702</u>	<u>53,992</u>	<u>159,401</u>	<u>127,484</u>
<u>Marketing expenses</u>				
- Sales commission	2,267	12,638	2,915	18,695
- Advertisement and publicity	7,608	3,887	11,143	7,648
- Dealers' handling and warranty fees	4,520	2,908	8,642	5,353
- Others	15,865	13,790	29,808	25,512
	<u>30,260</u>	<u>33,223</u>	<u>52,508</u>	<u>57,208</u>
<u>Administration and general expenses</u>				
- Communication expenses	16,090	17,767	33,789	36,164
- Others	8,628	13,184	19,999	19,748
	<u>24,718</u>	<u>30,951</u>	<u>53,788</u>	<u>55,912</u>
	<u>301,075</u>	<u>261,514</u>	<u>618,147</u>	<u>562,044</u>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**21 Allowance for Impairment on Loans, Advances and Financing**

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current</b>	Preceding	<b>Current</b>	Preceding
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
<b>Quarter Ended</b>	Quarter Ended	<b>Half Year Ended</b>	Half Year Ended	
<b>30.06.2010</b>	30.06.2009	<b>30.06.2010</b>	30.06.2009	
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and financing:				
- Individual assessment allowance	55,234	-	93,888	-
- Collective assessment allowance	103,324	-	193,365	-
- Specific allowance	-	204,096	-	408,675
- General allowance	-	27,152	-	22,339
Impaired loans and financing recovered	(66,118)	(37,111)	(107,458)	(65,327)
	<u>92,440</u>	<u>194,137</u>	<u>179,795</u>	<u>365,687</u>

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current</b>	Preceding	<b>Current</b>	Preceding
	<b>Financial</b>	Corresponding	<b>Financial</b>	Corresponding
<b>Quarter Ended</b>	Quarter Ended	<b>Half Year Ended</b>	Half Year Ended	
<b>30.06.2010</b>	30.06.2009	<b>30.06.2010</b>	30.06.2009	
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and financing:				
- Individual assessment allowance	53,354	-	44,488	-
- Collective assessment allowance	95,819	-	182,477	-
- Specific allowance	-	163,999	-	335,923
- General allowance	-	19,575	-	19,613
Impaired loans and financing recovered	(64,335)	(35,735)	(103,882)	(63,543)
	<u>84,838</u>	<u>147,839</u>	<u>123,083</u>	<u>291,993</u>

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**22 Capital Adequacy**

- a) The capital ratios of the Bank are computed based on Bank Negara Malaysia's ('BNM') Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market (Basel I). The capital ratios of RHB Islamic Bank Berhad ('RHB Islamic Bank') are computed based on BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>Unaudited 30.06.2010</b>	Audited 31.12.2009	<b>Unaudited 30.06.2010</b>	Audited 31.12.2009
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Tier I Capital</b>				
Paid-up ordinary share capital	<b>3,318,085</b>	3,318,085	<b>523,424</b>	523,424
Hybrid Tier I Capital Securities	<b>597,110</b>	596,996	-	-
Share premium	<b>8,563</b>	8,563	-	-
Retained profits	<b>2,129,505</b>	1,696,589	<b>167,172</b>	167,172
Other reserves	<b>2,534,682</b>	2,397,969	<b>197,739</b>	197,739
	<b>8,587,945</b>	8,018,202	<b>888,335</b>	888,335
Less: Goodwill	<b>(905,519)</b>	(905,519)	-	-
Deferred tax assets	<b>(223,486)</b>	(234,070)	<b>(17,046)</b>	(17,046)
Total Tier I capital	<b>7,458,940</b>	6,878,613	<b>871,289</b>	871,289
<b>Tier II Capital</b>				
Subordinated obligations	<b>3,000,000</b>	2,000,000	-	-
Collective assessment allowance	<b>911,303</b>	-	<b>99,314</b>	-
General allowance	-	862,725	-	88,984
Total Tier II capital	<b>3,911,303</b>	2,862,725	<b>99,314</b>	88,984
Less: Investment in subsidiaries	<b>(622,666)</b>	(622,666)	-	-
Other deduction <sup>#</sup>	<b>(2,703)</b>	(3,230)	<b>(13)</b>	(12)
<b>Total capital base</b>	<b>10,744,874</b>	9,115,442	<b>970,590</b>	960,261
<b>Capital ratios</b>				
Before proposed dividends:				
Core capital ratio	<b>11.04%</b>	10.55%	<b>12.13%</b>	12.50%
Risk-weighted capital ratio	<b>15.91%</b>	13.99%	<b>13.51%</b>	13.78%
After proposed dividends:				
Core capital ratio	<b>10.82%</b>	10.41%	<b>12.13%</b>	12.50%
Risk-weighted capital ratio	<b>15.69%</b>	13.84%	<b>13.51%</b>	13.78%

\* The Bank figures include the operations of RHB Bank (L) Ltd. The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and from its wholly-owned offshore banking subsidiary company, RHB Bank (L) Ltd.

# Pursuant to 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.

- b) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	<b>RHB Bank</b>		<b>RHB Islamic Bank</b>	
	<b>Unaudited 30.06.2010</b>	Audited 31.12.2009	<b>Unaudited 30.06.2010</b>	Audited 31.12.2009
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Credit risk	<b>66,305,302</b>	64,025,583	<b>6,583,477</b>	6,401,766
Market risk	<b>1,202,420</b>	1,118,776	<b>57,780</b>	9,114
Indicator operational risk	-	-	<b>544,090</b>	558,743
Total risk-weighted assets	<b>67,507,722</b>	65,144,359	<b>7,185,347</b>	6,969,623

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**23 Commitments And Contingencies**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers.

<b>Group</b>	← Unaudited →			← Audited →		
	30.06.2010			31.12.2009		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount * RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,176,487	2,176,487	1,942,931	2,251,758	2,251,758	2,014,053
Transaction-related contingent items	2,000,551	1,000,276	739,659	2,197,336	1,098,668	842,297
Short-term self-liquidating trade related contingencies	1,415,186	283,037	230,190	1,671,689	334,338	222,581
Obligations under underwriting agreements	242,240	121,120	121,120	283,240	141,620	141,620
Irrevocable commitments to extend credit:						
- maturity more than one year	5,760,437	2,821,581	2,106,715	5,496,800	2,654,036	2,039,726
- maturity less than one year	28,965,925	283,853	283,817	29,417,909	310,873	310,873
Foreign exchange related contracts:						
- less than one year	9,297,093	214,693	74,903	10,094,034	143,085	46,885
- one year to less than five years	590,890	82,588	28,405	1,419,297	185,127	63,620
- more than five years	398,462	66,188	13,238	-	-	-
Interest rate related contracts:						
- less than one year	2,046,565	11,947	2,388	1,618,766	8,798	1,759
- one year to less than five years	8,230,042	291,601	66,641	7,023,858	319,373	74,014
- more than five years	581,060	62,303	15,057	750,352	74,978	18,838
Miscellaneous	1,380,147	-	-	2,530,883	-	-
<b>Total</b>	<b>63,085,085</b>	<b>7,415,674</b>	<b>5,625,064</b>	<b>64,755,922</b>	<b>7,522,654</b>	<b>5,776,266</b>

\* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia 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 the Bank, 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, which is computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB): Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**23 Commitments And Contingencies (cont'd)**

<b>Bank</b>	← Unaudited 30.06.2010 →			← Audited 31.12.2009 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,920,188	1,920,188	1,686,632	2,047,701	2,047,701	1,809,996
Transaction-related contingent items	1,830,588	915,295	697,269	2,012,509	1,006,255	770,343
Short-term self-liquidating trade related contingencies	1,367,169	273,434	220,587	1,567,375	313,475	201,718
Obligations under underwriting agreements	213,240	106,620	106,620	213,240	106,620	106,620
Irrevocable commitments to extend credit:						
- maturity more than one year	5,278,515	2,639,258	1,930,454	4,849,471	2,424,736	1,818,450
- maturity less than one year	26,773,883	-	-	27,267,721	-	-
Foreign exchange related contracts:						
- less than one year	9,265,383	208,351	68,561	10,092,687	142,875	46,679
- one year to less than five years	590,890	82,588	28,405	1,419,297	185,127	63,620
- more than five years	398,462	66,188	13,238	-	-	-
Interest rate related contracts:						
- less than one year	2,046,565	11,947	2,388	1,618,766	8,798	1,759
- one year to less than five years	8,210,617	287,769	63,976	7,023,858	318,280	72,149
- more than five years	581,060	62,303	15,057	729,808	70,087	16,392
Miscellaneous	1,342,580	-	-	2,487,036	-	-
<b>Total</b>	<b>59,819,140</b>	<b>6,573,941</b>	<b>4,833,187</b>	<b>61,329,469</b>	<b>6,623,954</b>	<b>4,907,726</b>

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

The CE and RWA of the Bank are computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market (Basel I).

**RHB BANK BERHAD (6171-M)**  
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)

24 Segmental Reporting On Revenue And Profit

**Group**

**Six months ended 30 June 2010**

	Corporate & Investment Banking	Retail Banking	Treasury & Money Market	Islamic Banking	International Banking	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	467,032	1,357,766	479,285	163,559	133,280	5,620	-	2,606,542
Inter-segment revenue	1,442	-	6,116	1,046	1,742	399	(10,745)	-
<b>Total revenue</b>	<b>468,474</b>	<b>1,357,766</b>	<b>485,401</b>	<b>164,605</b>	<b>135,022</b>	<b>6,019</b>	<b>(10,745)</b>	<b>2,606,542</b>
Segment results	259,986	506,284	310,645	53,527	30,882	(6,860)	-	1,154,464
Subordinated obligations								(60,265)
Hybrid Tier I Capital Securities								(22,488)
Unallocated expenses								(143,634)
Profit before taxation								928,077
Taxation								(229,491)
<b>Net profit for the financial period</b>								<b>698,586</b>

**Group**

**Six months ended 30 June 2009**

	Corporate & Investment Banking	Retail Banking	Treasury & Money Market	Islamic Banking	International Banking	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	384,112	1,336,214	422,594	161,832	152,867	7,737	-	2,465,356
Inter-segment revenue	3,604	-	9,130	1,297	1,558	398	(15,987)	-
<b>Total revenue</b>	<b>387,716</b>	<b>1,336,214</b>	<b>431,724</b>	<b>163,129</b>	<b>154,425</b>	<b>8,135</b>	<b>(15,987)</b>	<b>2,465,356</b>
Segment results	131,112	428,079	219,572	55,070	28,838	7,542	-	870,213
Subordinated obligations								(51,325)
Hybrid Tier I Capital Securities								(7,514)
Unallocated expenses								(107,767)
Profit before taxation								703,607
Taxation								(170,777)
<b>Net profit for the financial period</b>								<b>532,830</b>



**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (cont'd)**

**25 Credit exposures arising from transactions with connected parties**

Credit exposures with connected parties as per Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited As at 30.06.2010</b>	Audited As at 31.12.2009	<b>Unaudited As at 30.06.2010</b>	Audited As at 31.12.2009
Outstanding credit exposures with connected parties (RM'000)	<b>4,206,540</b>	4,158,898	<b>3,948,493</b>	3,781,226
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>4.91%</b>	5.22%	<b>5.22%</b>	5.39%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b>0.19%</b>	0.05%	<b>0.09%</b>	0.05%

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**26 Valuation of Property, Plant and Equipment**

The property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

**27 Events subsequent to Balance Sheet Date**

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

**28 Changes in the Composition of the Group**

There are no significant changes in the composition of the Group for the six months ended 30 June 2010.

**29 Changes in Accounting Policies**

Effective 1 January 2005, the Group and the Bank have adopted BNM's Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8'), whereby certain principles in connection with the recognition, derecognition and measurement of financial instruments and hedge accounting are similar to those prescribed by FRS 139. The adoption of FRS 139 has resulted in the following changes in the Group and the Bank's accounting policies:

**1 Impairment of loans, advances and financing**

Prior to 1 January 2010, the Group and the Bank's loan loss allowances were determined in accordance with BNM/GP3 Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts ('BNM/GP3').

Under FRS 139, the Group and the Bank assess at each balance sheet date whether there is objective evidence that loans, advances and financing are impaired. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

For loans, advances and financing, the Group and the Bank first assess whether objective evidence of impairment exists individually for loans, advances and financing that are individually significant, and individually or collectively for loans, advances and financing that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for an individually assessed loans, advances and financing, whether significant or not, it includes the asset in a group of loans, advances and financing with similar credit risk characteristics and collectively assess them for impairment.

Loan impairment is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate ('EIR') of loans, advances and financing. The carrying amount of the loans, advances and financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

The Group and the Bank address impairment of loans, advances and financing via either individually assessed allowance or collectively assessed allowance.

(i) Individually assessed allowance

The Group and the Bank determine the allowance appropriate for each individual significant loans, advances and financing on an individual basis. The allowances are established based primarily on estimates of the realisable value of the collateral to secure the loans, advances and financing and are measured as the difference between the carrying amount of the loans, advances and financing and the present value of the expected future cash flows discounted at original EIR of the loans, advances and financing.

All other loans, advances and financing that have been individually evaluated, but not considered to be individually impaired are assessed collectively for impairment.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**29 Changes in Accounting Policies (cont'd)**

**1 Impairment of loans, advances and financing (cont'd)**

(ii) Collectively assessed allowance

Based on the collective assessment allowance requirement under FRS 139, collective allowances are maintained to reduce the carrying amount of portfolios of similar loans, advances and financing to their estimated recoverable amounts at the balance sheet date. For the purposes of collective evaluation of impairment, exposures that are assessed collectively are placed into pools of similar loans, advances and financing with similar credit risk.

In accordance with the transitional provisions under the Amendments to FRS 139 Financial Instruments: Recognition and Measurement, the financial services sector is granted a transitional period for the purpose of complying with the collective assessment of impairment required under FRS 139. Consequently, BNM may prescribe the use of an alternative basis for collective assessment of impairment for banking institutions for a transitional period.

This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010, whereby banking institutions are required to maintain collective impairment allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

As at the date of this report, the Group and the Bank have adopted the transitional provisions under the Amendments to FRS 139 Financial Instruments: Recognition and Measurement and the collective assessment impairment allowance of the Group and the Bank have been determined based on the transitional arrangement issued by BNM.

As a result of the adoption of loan impairment basis under FRS 139 and the transitional provisions as explained above, the Group and the Bank have adjusted the following against retained profits as at 1 January 2010:

- (i) Write back general allowance of RM953,855,000 and RM829,732,000 respectively and specific allowance of RM1,764,729,000 and RM1,551,647,000 respectively;
- (ii) Recognition of opening collective assessment allowance of RM1,613,437,000 and RM1,437,941,000 respectively and individual assessment allowance of RM1,350,111,000 and RM1,184,796,000 respectively.

**2 Recognition of interest income**

- (i) Prior to 1 January 2010, interest on loans, advances and financing was recognised in the income statement at contracted interest rates. FRS 139 requires interest income to be recognised on an EIR basis. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

The adoption of the EIR basis has resulted in an increase in the Group's retained profits by RM2,138,000 and a decrease in the Bank's retained profits by RM12,428,000.

- (ii) Prior to the adoption of FRS 139, where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of the income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently, the interest earned on the non-performing loans shall be recognised as income on cash basis.

Upon adoption of FRS 139, once a loan has been written down due to impairment loss, interest income is recognised based on the interest rate used to discount the future cash flows for the purpose of measuring impairment loss. Accordingly, all prior years' interest-in-suspense of RM316,781,000 and RM302,810,000 have been written back to the opening retained profits of the Group and the Bank respectively.

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**29 Changes in Accounting Policies (cont'd)**

**3 Recognition of embedded derivatives**

Upon adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative when the economic characteristics and risks of the embedded derivative are not closely related to the host contract.

There is no effect to the results as the Group and the Bank do not have any material embedded derivatives.

**4 Financial Investments Available-For-Sale ('AFS')**

Upon adoption of FRS 139, all unquoted equity securities are now measured at fair value, with the changes in fair value recognised directly to AFS reserves.

The effect of this change has been accounted for as an adjustment to the opening balance of the AFS reserves for the Group and the Bank of RM109,357,000 and RM109,357,000 respectively.

The changes of the above accounting policies arising from the initial adoption of FRS 139 have been applied prospectively and have resulted the following overall adjustments to the opening shareholders' equity of the Group and the Bank:

	<b>Balance as at 1 January 2010, as previously reported RM'000</b>	<b>Effect of adoption of FRS 139 RM'000</b>	<b>Adjusted balance as at 1 January 2010, as restated RM'000</b>
<b>Group</b>			
Translation reserves	(13,818)	(64)	(13,882)
AFS reserves	(16,005)	109,357	93,352
Retained profits	<u>1,946,458</u>	<u>56,295</u>	<u>2,002,753</u>
<b>Bank</b>			
AFS reserves	(23,595)	109,357	85,762
Retained profits	<u>1,460,435</u>	<u>33,660</u>	<u>1,494,095</u>

**30 Changes in Profit for the Quarter**

The Group achieved a pre-tax profit of RM462.0 million for the current quarter ended 30 June 2010, this is marginally lower as compared to the preceding quarter ended 31 March 2010 of RM466.0 million. The lower profit was mainly due to lower net interest income by RM26.7 million, lower income from Islamic Banking business by RM5.1 million and higher allowance for impairment on loans, advances and financing by RM5.1 million, partly offset by higher other operating income by RM10.6 million, lower other operating expenses by RM17.5 million and higher write-back of impairment on other assets by RM4.8 million.

**31 Performance Review**

For the six months ended 30 June 2010, the Group recorded a pre-tax profit of RM928.1 million, 32% higher than the previous year corresponding period ended 30 June 2009 of RM703.6 million. The higher pre-tax profit was mainly due to lower allowance for impairment on loans, advances and financing, higher net interest income, higher other operating income and higher income from Islamic Banking business by RM185.9 million, RM97.1 million, RM17.2 million and RM1.7 million respectively, partly offset by higher other operating expenses by RM60.6 million and lower write-back of impairment on other assets by RM16.8 million.

**RHB BANK BERHAD (6171-M)**  
**Incorporated in Malaysia**

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010**

**32 Prospects for the Financial Year Ending 31 December 2010**

The Malaysian economy is expected to grow at over 6% in 2010 extending the positive momentum from the first half 2010 growth of 9.5%. The 10<sup>th</sup> Malaysian Plan is expected to provide a fresh impetus for the country to enhance and create a sustainable long term economic growth.

On the back of a resilient domestic economy and positive outlook for global recovery, the Malaysian banking sector is expected to remain healthy with ample growth opportunity. The Group is optimistic of a stronger market demand for banking products and services and the capital markets are expected to remain active in the second half of 2010.

The Group will continue to focus on building its core businesses. The Group has expanded the "Easy by RHB" (RHB's simple, fast and paperless community banking initiative) outlets by five folds to 70 currently, and is on track to close the year with 120 outlets; together with its Bancassurance partnership, the expanded network will provide the key foundation for the Group to increase its market share in the chosen business segment. In addition, RHB Investment Bank will continue to be at the forefront in the investment banking arena, and is expected to be involved in more landmark deals such as the newly completed South East Asia's largest Real Estate Investment Trust.

The Group expects to achieve a satisfactory performance in 2010.