

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

Note	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000
ASSETS				
Cash and short-term funds	12,066,455	12,981,081	10,365,776	11,093,561
Securities purchased under resale agreements	733,468	276,407	733,468	276,407
Deposits and placements with banks and other financial institutions	1,555,939	824,071	2,937,660	1,539,648
Financial assets held-for-trading	8 1,239,478	348,511	843,890	129,583
Financial investments available-for-sale	9 9,471,579	9,933,578	7,547,532	8,143,221
Financial investments held-to-maturity	10 13,193,720	10,674,245	12,054,763	9,558,312
Loans, advances and financing	11 89,007,298	81,531,003	75,952,729	71,125,558
Other assets	12 199,339	195,687	197,582	204,452
Derivative assets	218,084	298,389	218,744	298,148
Statutory deposits	1,735,844	426,304	1,386,304	321,064
Tax recoverable	10,756	27	10,728	-
Deferred tax assets	270,649	260,089	221,751	220,303
Investment in subsidiaries	-	-	822,972	822,972
Property, plant and equipment	744,251	701,158	582,212	540,483
Goodwill	1,004,017	1,004,017	905,519	905,519
TOTAL ASSETS	131,450,877	119,454,567	114,781,630	105,179,231
LIABILITIES AND EQUITY				
Deposits from customers	13 100,768,077	92,402,813	87,645,627	80,567,577
Deposits and placements of banks and other financial institutions	14 10,609,318	7,680,309	8,140,546	6,158,453
Bills and acceptances payable	4,132,040	3,536,140	4,104,551	3,524,016
Other liabilities	15 997,150	1,002,387	797,601	868,165
Derivative liabilities	158,414	240,161	158,134	238,984
Recourse obligation on loans sold to Cagamas Berhad	666,210	818,503	666,210	818,503
Taxation	11,064	167,338	-	163,133
Deferred tax liabilities	4	6	-	-
Long term borrowings	772,035	819,362	772,035	819,362
Subordinated obligations	3,018,015	3,018,157	3,018,015	3,018,157
Hybrid Tier-I Capital Securities	605,404	605,407	605,404	605,407
TOTAL LIABILITIES	121,737,731	110,290,583	105,908,123	96,781,757
Share capital	3,318,085	3,318,085	3,318,085	3,318,085
Reserves	6,395,061	5,845,899	5,555,422	5,079,389
TOTAL EQUITY	9,713,146	9,163,984	8,873,507	8,397,474
TOTAL LIABILITIES AND EQUITY	131,450,877	119,454,567	114,781,630	105,179,231
COMMITMENTS AND CONTINGENCIES	23 74,471,013	69,101,806	73,496,085	66,370,586

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 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

Group	Note	Individual Quarter		Cumulative Six Months	
		Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Half Year Ended	Preceding Corresponding Half Year Ended
		30.06.2011	30.06.2010	30.06.2011	30.06.2010
		RM'000	RM'000	RM'000	RM'000
Interest income	16	1,332,106	1,049,818	2,583,484	2,067,387
Interest expense	17	(603,036)	(432,699)	(1,146,770)	(806,020)
Net interest income		729,070	617,119	1,436,714	1,261,367
Other operating income	18	223,147	185,442	421,394	360,304
Income from Islamic Banking business	19	952,217	802,561	1,858,108	1,621,671
		82,932	77,544	174,159	160,169
Other operating expenses	20	1,035,149	880,105	2,032,267	1,781,840
		(410,028)	(330,885)	(801,176)	(679,719)
Operating profit before allowances		625,121	549,220	1,231,091	1,102,121
Allowance for impairment on loans, advances and financing	21	(121,981)	(92,440)	(200,436)	(179,795)
Write-back of impairment losses on other assets		1,633	5,254	3,636	5,751
Profit before taxation		504,773	462,034	1,034,291	928,077
Taxation		(122,770)	(111,230)	(256,000)	(229,491)
Net profit for the financial period		382,003	350,804	778,291	698,586
Earnings per share (sen)					
- Basic		5.76	5.29	11.73	10.53

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 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

Group	Individual Quarter		Cumulative Six Months	
	Current Financial Quarter Ended 30.06.2011	Preceding Corresponding Quarter Ended 30.06.2010	Current Financial Half Year Ended 30.06.2011	Preceding Corresponding Half Year Ended 30.06.2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	382,003	350,804	778,291	698,586
Other comprehensive income/(loss):				
Currency translation differences	(854)	(7,165)	(14,816)	(48,334)
Financial investments available-for-sale				
- Unrealised net gain on revaluation	41,973	33,984	38,642	67,486
- Net transfer to income statements on disposal or impairment	(1,470)	(13,396)	(7,004)	(29,431)
Income tax relating to components of other comprehensive income	(10,186)	(5,296)	(8,044)	(9,519)
Other comprehensive income/(loss) for the financial period, net of tax	29,463	8,127	8,778	(19,798)
Total comprehensive income for the financial period	411,466	358,931	787,069	678,788

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 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

Bank	Note	Individual Quarter		Cumulative Six Months	
		Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Half Year Ended	Preceding Corresponding Half Year Ended
		30.06.2011	30.06.2010	30.06.2011	30.06.2010
		RM'000	RM'000	RM'000	RM'000
Interest income	16	1,321,859	1,038,704	2,552,085	2,044,010
Interest expense	17	(599,897)	(430,124)	(1,140,215)	(801,670)
Net interest income		721,962	608,580	1,411,870	1,242,340
Other operating income	18	226,438	184,461	418,612	354,410
Other operating expenses	20	948,400	793,041	1,830,482	1,596,750
		(372,610)	(293,204)	(725,745)	(602,855)
Operating profit before allowances		575,790	499,837	1,104,737	993,895
Allowance for impairment on loans, advances and financing	21	(117,217)	(84,838)	(177,027)	(123,083)
Write-back of impairment losses on other assets		1,633	5,277	3,636	5,774
Profit before taxation		460,206	420,276	931,346	876,586
Taxation		(113,800)	(103,428)	(237,118)	(218,821)
Net profit for the financial period		346,406	316,848	694,228	657,765
Earnings per share (sen)					
- Basic		5.22	4.77	10.46	9.91

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 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Half Year Ended	Preceding Corresponding Half Year Ended
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	346,406	316,848	694,228	657,765
Other comprehensive income/(loss):				
Currency translation differences	648	(4,362)	(5,835)	(27,728)
Financial investments available-for-sale				
- Unrealised net gain on revaluation	35,833	32,553	37,230	66,309
- Net transfer to income statements on disposal or impairment	1,391	(11,657)	(3,167)	(27,692)
Income tax relating to components of other comprehensive income	(9,306)	(5,224)	(8,516)	(9,654)
Other comprehensive income for the financial period, net of tax	28,566	11,310	19,712	1,235
Total comprehensive income for the financial period	374,972	328,158	713,940	659,000

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 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011

<u>Group</u>	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2011	3,318,085	8,563	2,946,064	(79,815)	143,202	2,827,885	9,163,984
Net profit for the financial period	-	-	-	-	-	778,291	778,291
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	(14,816)	-	-	(14,816)
Financial investments available-for-sale ('AFS')							
- Unrealised net gain on revaluation	-	-	-	-	38,642	-	38,642
- Net transfer to income statements on disposal or impairment	-	-	-	-	(7,004)	-	(7,004)
Income tax relating to components of other comprehensive income	-	-	-	-	(8,044)	-	(8,044)
Total comprehensive income/(loss) for the financial period	-	-	-	(14,816)	23,594	778,291	787,069
Ordinary dividends	-	-	-	-	-	(237,907)	(237,907)
Balance as at 30 June 2011	3,318,085	8,563	2,946,064	(94,631)	166,796	3,368,269	9,713,146
Balance as at 1 January 2010	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:							
Currency translation differences	-	-	-	(48,334)	-	-	(48,334)
Financial investments AFS							
- Unrealised net gain on revaluation	-	-	-	-	67,822	-	67,822
- Net transfer to income statements on disposal or impairment	-	-	-	-	(29,767)	-	(29,767)
Income tax relating to components of other comprehensive income	-	-	-	-	(9,519)	-	(9,519)
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)
Balance as at 30 June 2010	3,318,085	8,563	2,753,151	(62,216)	121,888	2,442,830	8,582,301

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 2010.

RHB BANK BERHAD (6171-M)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011

Bank	Share capital RM'000	Share premium RM'000	Non-distributable Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2011	3,318,085	8,563	2,714,580	396	134,995	2,220,855	8,397,474
Net profit for the financial period	-	-	-	-	-	694,228	694,228
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	(5,835)	-	-	(5,835)
Financial investments AFS							
- Unrealised net gain on revaluation	-	-	-	-	37,230	-	37,230
- Net transfer to income statements on disposal or impairment	-	-	-	-	(3,167)	-	(3,167)
Income tax relating to components of other comprehensive income	-	-	-	-	(8,516)	-	(8,516)
Total comprehensive income/(loss) for the financial period	-	-	-	(5,835)	25,547	694,228	713,940
Ordinary dividends	-	-	-	-	-	(237,907)	(237,907)
Balance as at 30 June 2011	3,318,085	8,563	2,714,580	(5,439)	160,542	2,677,176	8,873,507
Balance as at 1 January 2010	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:							
Currency translation differences	-	-	-	(27,728)	-	-	(27,728)
Financial investments AFS							
- Unrealised net gain on revaluation	-	-	-	-	66,623	-	66,623
- Net transfer to income statements on disposal or impairment	-	-	-	-	(28,006)	-	(28,006)
Income tax relating to components of other comprehensive income	-	-	-	-	(9,654)	-	(9,654)
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)
Balance as at 30 June 2010	3,318,085	8,563	2,555,412	(2,143)	114,725	1,893,351	7,887,993

RHB BANK BERHAD (6171-M)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six Months Ended	
	30.06.2011	30.06.2010
	RM '000	RM '000
<u>Group</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,034,291	928,077
Adjustment for non-cash items	<u>(56,786)</u>	<u>47,833</u>
Operating profit before changes in working capital	977,505	975,910
Changes in working capital:		
Net changes in operating assets	(11,103,830)	(5,333,944)
Net changes in operating liabilities	<u>11,555,254</u>	<u>3,875,741</u>
Cash generated from/(used in) operations	451,424	(1,458,203)
Taxation paid	<u>(441,145)</u>	<u>(196,347)</u>
Net cash generated from/(used in) operating activities	<u>987,784</u>	<u>(678,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(88,237)	(54,910)
Proceeds from disposal of property, plant and equipment	5,081	1,497
Financial investments AFS:		
- net disposal/(purchase)	484,751	(1,116,667)
- interest received	177,773	109,875
- investment income received	36,399	27,423
- dividend income	4,331	1,096
Financial investments held-to-maturity:		
- net purchase	(2,440,776)	(549,496)
- interest received	181,573	176,076
- investment income received	<u>21,515</u>	<u>21,093</u>
Net cash used in investing activities	<u>(1,617,590)</u>	<u>(1,384,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of subordinated obligations	-	1,000,000
Repayment of long term borrowings	(30,335)	-
Dividends paid to shareholder	<u>(237,907)</u>	<u>(94,068)</u>
Net cash (used in)/generated from financing activities	<u>(268,242)</u>	<u>905,932</u>
Net decrease in cash and cash equivalents	(898,048)	(1,156,721)
Effects of exchange rate differences	(16,578)	(116,323)
Cash and cash equivalents:		
- at the beginning of the financial period	12,981,081	15,308,992
- at the end of the financial period	<u>12,066,455</u>	<u>14,035,948</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>12,066,455</u>	<u>14,035,948</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 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six Months Ended	
	<u>30.06.2011</u>	<u>30.06.2010</u>
	RM '000	RM '000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	931,346	876,586
Adjustment for non-cash items	<u>(15,374)</u>	<u>6,777</u>
Operating profit before changes in working capital	915,972	883,363
Changes in working capital:		
Net changes in operating assets	(8,660,111)	(4,511,876)
Net changes in operating liabilities	<u>9,240,851</u>	<u>3,377,634</u>
Cash generated from/(used in) operations	580,740	(1,134,242)
Taxation paid	<u>(420,468)</u>	<u>(181,277)</u>
Net cash generated from/(used in) operating activities	<u>1,076,244</u>	<u>(432,156)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85,867)	(51,875)
Proceeds from disposal of property, plant and equipment	5,081	1,497
Financial investments AFS:		
- net disposal/(purchase)	617,461	(906,878)
- interest received	177,773	109,686
- dividend income	4,327	1,092
Financial investments held-to-maturity:		
- net purchase	(2,431,147)	(548,359)
- interest received	<u>180,972</u>	<u>175,506</u>
Net cash used in investing activities	<u>(1,531,400)</u>	<u>(1,219,331)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of subordinated obligations	-	1,000,000
Repayment of long term borrowings	(30,335)	-
Dividends paid to shareholder	<u>(237,907)</u>	<u>(94,068)</u>
Net cash (used in)/generated from financing activities	<u>(268,242)</u>	<u>905,932</u>
Net decrease in cash and cash equivalents	(723,398)	(745,555)
Effects of exchange rate differences	(4,387)	(101,989)
Cash and cash equivalents:		
- at the beginning of the financial period	11,093,561	12,790,568
- at the end of the financial period	<u>10,365,776</u>	<u>11,943,024</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>10,365,776</u>	<u>11,943,024</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 2010.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2010.

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 2010, except for the adoption of the following accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2011:

Amendments to FRS 7	Financial Instruments: Disclosures Improving Disclosures about Financial Instruments
Amendments to FRS 5	Non-current Assets Held for Sale and Discounted Operations
Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
TR i-4	Shariah Complaint Sale Contracts
Improvements to FRSs (2010)	
- FRS 3	Business Combinations
- FRS 127	Consolidated and Separate Financial Statements
- FRS 101	Presentation of financial statements
- FRS 138	Intangible Assets
- IC Interpretation 9	Reassessment of Embedded Derivatives
- Amendments to FRS 138	Intangible Assets
- Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The revised FRS 3 "Business Combinations" (effective prospectively from 1 July 2010) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The revised FRS 127 "Consolidated and Separate Financial Statements" (applies prospectively to transactions with non-controlling interests from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group and the Bank.

2 Auditors' Report

The auditors' report for the financial year ended 31 December 2010 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 2011.

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 2011.

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.

7 Dividends Paid

During the six months ended 30 June 2011, a final gross dividend of 4.78 sen, less 25% tax in respect of financial year ended 31 December 2010, amounting to RM237,907,000 was paid on 19 May 2011.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

8 Financial Assets Held-For-Trading

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	67,444	-	67,444	-
Malaysian Government Treasury Bills	1,417	-	-	-
Bank Negara Malaysia Monetary Notes	477,027	173,815	214,996	-
Malaysian Government Investment Issues	172,744	10,066	40,604	-
Thailand Government bonds	-	10,216	-	10,216
Singapore Government Treasury Bills	437,284	119,367	437,284	119,367
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	83,562	35,047	83,562	-
	1,239,478	348,511	843,890	129,583

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

9 Financial Investments Available-For-Sale

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,124,015	3,199,222	2,124,015	3,199,222
Malaysian Government Investment Issues	2,266,866	2,306,237	1,103,815	1,066,701
Cagamas bonds	640,841	591,416	640,841	591,416
Negotiable instruments of deposits	-	108,163	-	108,163
Singapore Government Treasury Bills	24,975	26,258	24,975	26,258
Singapore Government Securities	184,893	128,444	184,893	128,444
1 Malaysia Sukuk	85,905	86,032	85,905	86,032
Thailand Government bonds	92,075	112,140	92,075	112,140
Bankers' acceptances and Islamic accepted notes	78,140	93,868	-	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	12,620	14,126	12,620	14,126
Shares	4,355	4,287	1,604	1,213
<u>Outside Malaysia</u>				
Shares	30	17	-	-
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	108,690	108,972	108,690	108,972
Shares	342,046	342,046	341,471	341,471
Private debt securities	3,497,978	2,800,982	2,818,478	2,347,695
<u>Outside Malaysia</u>				
Private debt securities	8,150	11,368	8,150	11,368
	9,471,579	9,933,578	7,547,532	8,143,221

The carrying value of financial investments available-for-sale as at 30 June 2011, which was transferred from financial assets held-for-trading in previous financial year, for the Group and the Bank are RM397,781,000 (31.12.2010: RM1,086,048,000) and RM387,725,000 (31.12.2010: RM1,075,951,000) respectively.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

10 Financial Investments Held-To-Maturity

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,990,440	2,948,345	2,990,440	2,948,345
Cagamas bonds and Cagamas Mudharabah bonds	1,247,883	773,644	1,054,161	589,750
Khazanah bonds	53,828	52,632	53,828	52,632
Malaysian Government Investment Issues	1,545,157	1,371,160	999,283	781,992
Singapore Government Securities	124,316	120,730	124,316	120,730
Thailand Government Securities	198,838	223,230	198,838	223,230
Singapore Government Treasury Bills	17,203	9,549	17,203	9,549
Negotiable instruments of deposits	2,447,991	1,103,432	2,447,991	1,103,432
Sukuk (Brunei) Incorporation	24,575	23,873	24,575	23,873
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Bonds	36,056	25,114	860	860
Prasarana bonds	1,794,594	1,760,514	1,794,594	1,760,514
Private debt securities	2,710,547	2,252,216	2,364,531	1,952,119
Corporate loan stocks	79,406	81,108	79,406	81,108
<u>Outside Malaysia</u>				
Private debt securities	18,149	18,520	-	-
Structured notes	24,929	32,564	24,929	32,564
	13,313,912	10,796,631	12,174,955	9,680,698
Accumulated impairment losses	<u>(120,192)</u>	<u>(122,386)</u>	<u>(120,192)</u>	<u>(122,386)</u>
	13,193,720	10,674,245	12,054,763	9,558,312

The carrying value of financial investments held-to-maturity as at 30 June 2011, which was transferred from financial assets held-for-trading in previous financial year, for the Group and the Bank are RM18,149,000 (31.12.2010: RM26,038,000) and Nil (31.12.2010: RM7,672,000) respectively. The fair value of these financial investments as at 30 June 2011 for the Group and the Bank are RM19,927,000 (31.12.2010: RM27,350,000) and Nil (31.12.2010: RM7,672,000) respectively.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

11 Loans, Advances and Financing

(i) By type

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
At amortised cost				
Overdrafts	5,821,424	6,092,693	5,706,813	5,976,569
Term loans/financing				
- housing loans/financing	19,358,216	18,277,358	16,804,378	15,908,732
- syndicated term loans/financing	2,698,793	2,033,986	983,557	835,588
- hire purchase receivables	12,206,862	10,956,570	10,241,328	9,322,667
- lease receivables	130,948	146,399	-	-
- other term loans/financing	38,385,743	33,791,023	32,639,531	29,854,443
Bills receivable	1,602,446	1,507,021	1,525,353	1,418,203
Trust receipts	354,746	343,170	333,904	325,177
Claims on customers under acceptance credits	5,243,105	4,632,725	4,463,553	4,130,205
Staff loans/financing	336,352	348,021	325,372	336,528
Credit card receivables	1,653,970	1,644,995	1,650,171	1,644,465
Revolving credit	3,772,584	4,235,981	3,457,372	3,491,071
Floor stocking	2,805	1,569	2,805	1,569
	91,567,994	84,011,511	78,134,137	73,245,217
Gross loans, advances and financing				
Allowance for impaired loans and financing				
- individual impairment allowance	(898,020)	(854,899)	(728,832)	(682,522)
- collective impairment allowance	(1,662,676)	(1,625,609)	(1,452,576)	(1,437,137)
Net loans, advances and financing	89,007,298	81,531,003	75,952,729	71,125,558

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM666,210,000 (31.12.2010: RM818,503,000) for the Group and the Bank.

(ii) By type of customer

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Domestic non-bank financial institutions:				
- Others	312,457	315,707	259,935	271,672
Domestic business enterprises:				
- Small medium enterprises	11,213,863	11,044,473	10,382,412	10,204,438
- Others	22,564,383	22,491,236	18,882,822	18,672,173
Government and statutory bodies	11,292,101	9,204,927	7,677,282	7,688,340
Individuals	41,019,610	36,427,343	36,617,930	32,597,448
Other domestic entities	9,132	8,324	8,797	7,898
Foreign entities:				
- Malaysian operations	1,051,394	876,700	402,383	380,437
- Singapore operations	3,689,431	3,191,218	3,517,215	3,003,249
- Thailand operations	262,393	297,308	232,131	266,403
- Brunei operations	153,230	154,275	153,230	153,159
	91,567,994	84,011,511	78,134,137	73,245,217

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

11 Loans, Advances and Financing (cont'd)

(iii) By geographical distribution

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
In Malaysia	87,462,940	80,368,710	74,231,561	69,822,406
Outside Malaysia:				
- Singapore operations	3,689,431	3,191,218	3,517,215	3,003,249
- Thailand operations	262,393	297,308	232,131	266,403
- Brunei operations	153,230	154,275	153,230	153,159
	91,567,994	84,011,511	78,134,137	73,245,217

(iv) By interest/profit rate sensitivity

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Fixed rate:				
- Housing loans/financing	1,598,303	1,523,367	425,222	280,144
- Hire purchase receivables	12,206,862	10,956,595	10,241,328	9,322,691
- Other fixed rate loans/financing	16,543,003	14,156,353	11,509,558	10,992,848
Variable rate:				
- BLR/BFR plus	36,277,524	32,736,627	33,463,644	30,150,104
- Cost-plus	20,629,453	20,299,568	19,156,403	19,187,232
- Other variable rates	4,312,849	4,339,001	3,337,982	3,312,198
	91,567,994	84,011,511	78,134,137	73,245,217

(v) By purpose

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Purchase of securities	6,043,882	3,958,677	6,035,292	3,946,408
Purchase of transport vehicles	10,804,847	9,567,339	8,724,477	7,785,528
Purchase of landed property:				
- Residential	19,863,839	18,838,783	17,268,608	16,398,769
- Non-residential	5,129,384	4,761,379	5,067,369	4,681,507
Purchase of property, plant and equipment other than land and building	3,128,071	3,336,170	2,194,871	2,310,062
Personal use	4,152,369	3,535,354	4,045,780	3,521,269
Credit card	1,653,970	1,644,995	1,650,171	1,644,465
Purchase of consumer durables	49,674	54,295	49,614	54,215
Construction	2,869,360	2,593,596	2,060,708	1,741,635
Working capital	21,603,952	21,046,790	18,995,041	18,782,989
Merger and acquisition	1,641,658	2,432,562	1,489,812	2,432,562
Other purposes	14,626,988	12,241,571	10,552,394	9,945,808
	91,567,994	84,011,511	78,134,137	73,245,217

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

11 Loans, Advances and Financing (cont'd)

(vi) By remaining contractual maturities

	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	28,974,674	28,945,514	26,734,811	26,693,967
One year to three years	4,678,312	4,692,280	3,575,321	3,608,248
Three years to five years	10,214,377	10,023,250	8,882,374	8,671,749
Over five years	47,700,631	40,350,467	38,941,631	34,271,253
	91,567,994	84,011,511	78,134,137	73,245,217

(vii) Impaired loans, advances and financing

(a) Movement in impaired loans, advances and financing

	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial period/year	3,671,258	4,636,385	2,927,024	4,059,453
Classified as impaired during the financial period/year	1,733,474	3,881,193	1,597,462	3,292,163
Reclassified as non-impaired during the financial period/year	(1,351,754)	(2,789,203)	(1,230,967)	(2,492,252)
Amount recovered	(240,857)	(961,049)	(221,521)	(894,802)
Amount written off	(247,829)	(1,084,148)	(243,939)	(1,033,573)
Exchange difference	(353)	(11,920)	1,880	(3,965)
Balance as at the end of financial period/year	3,563,939	3,671,258	2,829,939	2,927,024

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

11 Loans, Advances and Financing (cont'd)

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

(b) By purpose

	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	52,484	82,558	52,484	82,558
Purchase of transport vehicles	234,470	241,331	141,360	149,281
Purchase of landed property:				
- Residential	1,114,110	1,163,245	929,400	961,155
- Non-residential	242,995	251,257	214,705	224,437
Purchase of property, plant and equipment other than land and building	162,318	203,251	82,930	121,115
Personal use	77,243	90,835	73,003	85,865
Credit card	80,569	78,954	80,569	78,954
Purchase of consumer durables	2,252	2,983	2,252	2,983
Construction	177,962	174,628	176,542	173,098
Working capital	1,405,240	1,370,284	1,063,683	1,038,976
Other purposes	14,296	11,932	13,011	8,602
	3,563,939	3,671,258	2,829,939	2,927,024

(c) By geographical distribution

	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
In Malaysia	3,433,349	3,515,643	2,731,136	2,803,485
Outside Malaysia:				
- Singapore operations	103,446	127,892	71,658	95,816
- Thailand operations	21,666	22,371	21,667	22,371
- Brunei operations	5,478	5,352	5,478	5,352
	3,563,939	3,671,258	2,829,939	2,927,024

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (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 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Individual impairment allowance				
Balance as at the beginning of financial period/year	854,899	1,350,111	682,522	1,184,796
Allowance made	57,795	256,812	54,629	176,396
Amount recovered	(14,408)	(73,489)	(8,239)	(56,430)
Amount written off	(930)	(672,015)	(930)	(621,024)
Exchange difference	664	(6,520)	850	(1,216)
Balance as at the end of financial period/year	<u>898,020</u>	<u>854,899</u>	<u>728,832</u>	<u>682,522</u>
Collective impairment allowance				
Balance as at the beginning of financial period/year	1,625,609	1,613,437	1,437,137	1,437,941
Allowance made	388,333	677,250	355,457	655,710
Amount recovered	(103,923)	(258,131)	(100,370)	(250,674)
Amount written off	(247,567)	(403,104)	(240,454)	(405,032)
Exchange difference	224	(3,843)	806	(808)
Balance as at the end of financial period/year	<u>1,662,676</u>	<u>1,625,609</u>	<u>1,452,576</u>	<u>1,437,137</u>

12 Other Assets

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Other debtors, deposits and prepayments	174,415	172,657	141,507	130,629
Amount due from holding company	421	1,024	421	1,024
Amounts due from subsidiaries	-	-	31,151	50,793
Amounts due from related companies	24,503	22,006	24,503	22,006
	<u>199,339</u>	<u>195,687</u>	<u>197,582</u>	<u>204,452</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

13 Deposits from Customers

(i) By type of deposits

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Demand deposits	19,914,428	19,586,179	18,073,380	17,754,994
Savings deposits	6,210,059	5,832,118	5,588,840	5,259,209
Fixed/investment deposits	74,619,220	66,735,221	63,959,037	57,309,056
Negotiable instruments of deposits	24,370	249,295	24,370	244,318
	<u>100,768,077</u>	<u>92,402,813</u>	<u>87,645,627</u>	<u>80,567,577</u>

(ii) By type of customer

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Government and statutory bodies	8,701,838	8,204,293	5,640,066	5,812,370
Business enterprises	58,646,224	52,811,960	50,951,010	46,174,305
Individuals	29,593,827	27,507,468	28,445,233	26,381,770
Others	3,826,188	3,879,092	2,609,318	2,199,132
	<u>100,768,077</u>	<u>92,402,813</u>	<u>87,645,627</u>	<u>80,567,577</u>

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

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Due within six months	63,315,420	56,684,715	53,526,335	48,475,102
Six months to one year	10,068,468	9,821,293	9,205,389	8,750,259
One year to three years	1,223,895	449,560	1,217,414	299,814
Three years to five years	35,807	28,948	34,269	28,199
	<u>74,643,590</u>	<u>66,984,516</u>	<u>63,983,407</u>	<u>57,553,374</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

14 Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Licensed banks/Islamic banks	8,404,430	5,228,464	5,969,258	3,809,608
Licensed investments banks	177,216	253,475	177,216	150,475
Bank Negara Malaysia	1,976,433	2,197,885	1,942,833	2,197,885
Others	51,239	485	51,239	485
	10,609,318	7,680,309	8,140,546	6,158,453

15 Other Liabilities

	Group		Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
Amount due to holding company	98	106	-	-
Amounts due to subsidiaries	-	-	21,805	23,345
Amounts due to related companies	3,618	2,954	3,279	2,639
Amount due to Danaharta	1,793	1,796	1,793	1,796
Prepaid instalment	77,656	77,670	77,656	77,670
Lessee deposits	60,579	64,930	-	-
Short term employee benefits	75,278	122,859	69,567	112,732
Other creditors and accruals	778,128	732,072	623,501	649,983
	997,150	1,002,387	797,601	868,165

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

16 Interest Income

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2011</u>	<u>Preceding Corresponding Quarter Ended 30.06.2010</u>	<u>Current Financial Half Year Ended 30.06.2011</u>	<u>Preceding Corresponding Half Year Ended 30.06.2010</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans, advances and financing	1,080,553	831,493	2,095,297	1,640,363
Money at call and deposit placements with banks and other financial institutions	62,054	69,546	126,087	132,320
Securities purchased under resale agreement	539	504	629	5,958
Financial assets held-for-trading	2,505	1,698	3,933	2,568
Financial investments available-for-sale	73,820	53,586	143,056	104,021
Financial investments held-to-maturity	111,659	91,174	212,441	178,601
Others	976	1,817	2,041	3,556
	1,332,106	1,049,818	2,583,484	2,067,387
Of which:				
Interest income accrued on impaired financial assets	8,331	10,341	10,773	19,236
 <u>Bank</u>				
Loans, advances and financing	1,068,465	818,640	2,070,936	1,613,436
Money at call and deposit placements with banks and other financial institutions	64,634	71,610	130,748	136,643
Securities purchased under resale agreement	539	504	629	5,958
Financial assets held-for-trading	2,505	1,698	3,933	2,568
Financial investments available-for-sale	73,820	53,586	143,056	104,021
Financial investments held-to-maturity	110,920	90,849	200,742	177,828
Others	976	1,817	2,041	3,556
	1,321,859	1,038,704	2,552,085	2,044,010
Of which:				
Interest income accrued on impaired financial assets	8,331	10,341	10,773	19,236

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

17 Interest Expense

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
	<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Half Year Ended</u>	<u>Half Year Ended</u>
	<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Deposits and placements of banks and other financial institutions	28,588	18,991	47,508	36,503
Deposits from customers	500,752	338,869	953,457	629,572
Subordinated obligations	38,719	34,744	77,012	60,265
Recourse obligation on loans sold to Cagamas	7,986	12,877	16,284	27,058
Hybrid Tier-I Capital Securities	11,311	11,307	22,497	22,488
Borrowings	1,914	2,091	3,860	4,719
Others	13,766	13,820	26,152	25,415
	603,036	432,699	1,146,770	806,020
<u>Bank</u>				
Deposits and placements of banks and other financial institutions	28,611	19,126	47,563	37,621
Deposits from customers	497,590	336,159	946,847	624,104
Subordinated obligations	38,719	34,744	77,012	60,265
Recourse obligation on loans sold to Cagamas	7,986	12,877	16,284	27,058
Hybrid Tier-I Capital Securities	11,311	11,307	22,497	22,488
Borrowings	1,914	2,091	3,860	4,719
Others	13,766	13,820	26,152	25,415
	599,897	430,124	1,140,215	801,670

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

18 Other Operating Income

Group	Individual Quarter		Cumulative Six Months	
	Current Financial Quarter Ended 30.06.2011	Preceding Corresponding Quarter Ended 30.06.2010	Current Financial Half Year Ended 30.06.2011	Preceding Corresponding Half Year Ended 30.06.2010
	RM'000	RM'000	RM'000	RM'000
a) Fee Income:				
Commission	29,706	29,972	58,522	58,301
Service charges and fees	43,886	36,443	94,915	76,903
Guarantee fees	10,206	7,840	18,139	15,807
Commitment fees	11,563	13,256	24,300	25,744
Underwriting fees	16	140	69	466
Other fees	4,297	3,478	8,426	6,577
	99,674	91,129	204,371	183,798
b) Net gain arising from financial assets held-for-trading	10,915	10,010	16,217	14,165
c) Net gain/(loss) on revaluation of derivatives	(10,618)	2,958	(509)	3,722
d) Net gain arising from financial investments available-for-sale				
- net gain/(loss) on disposal	(1,391)	11,971	3,167	28,006
- gross dividend income	4,349	729	4,349	1,177
	2,958	12,700	7,516	29,183
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	1,044	-	1,044
f) Other income:				
Foreign exchange gain/(loss)				
- realised	88,069	80,514	158,576	126,596
- unrealised	13,808	(26,236)	(996)	(24,048)
Gain on disposal of property, plant and equipment	81	577	4,780	664
Other operating income	13,018	11,158	25,353	22,179
Other non-operating income	5,242	1,588	6,086	3,001
	120,218	67,601	193,799	128,392
	223,147	185,442	421,394	360,304

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

18 Other Operating Income (cont'd)

Bank	Individual Quarter		Cumulative Six Months	
	Current Financial Quarter Ended 30.06.2011	Preceding Corresponding Quarter Ended 30.06.2010	Current Financial Half Year Ended 30.06.2011	Preceding Corresponding Half Year Ended 30.06.2010
	RM'000	RM'000	RM'000	RM'000
a) Fee Income:				
Commission	29,570	29,255	57,966	56,407
Service charges and fees	43,306	35,878	91,443	74,217
Guarantee fees	10,206	7,840	18,139	15,807
Commitment fees	11,563	13,256	24,300	25,744
Underwriting fees	16	140	69	466
Other fees	4,412	3,593	8,659	6,813
	99,073	89,962	200,576	179,454
b) Net gain arising from financial assets held-for-trading	10,915	10,010	16,217	14,165
c) Net gain/(loss) on revaluation of derivatives	(6,298)	3,825	2,443	4,907
d) Net gain arising from financial investments available-for-sale				
- net gain/(loss) on disposal	(1,391)	11,971	3,167	28,006
- gross dividend income	4,345	725	4,345	1,173
	2,954	12,696	7,512	29,179
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	-	1,044	-	1,044
f) Other income:				
Foreign exchange gain/(loss)				
- realised	88,281	80,364	157,934	125,012
- unrealised	13,808	(26,236)	(996)	(24,048)
Gain on disposal of property, plant and equipment	81	577	4,780	664
Other operating income	12,872	11,033	25,071	21,928
Other non-operating income	4,752	1,186	5,075	2,105
	119,794	66,924	191,864	125,661
	226,438	184,461	418,612	354,410

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

19 Income from Islamic Banking Business

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Half Year Ended	Preceding Corresponding Half Year Ended
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds	155,340	112,041	301,076	218,178
Income derived from investment of shareholder's funds	11,489	15,516	30,948	29,425
Transfer to Profit Equalisation Reserve	(10,947)	(5,298)	(15,388)	(972)
Total distributable income	155,882	122,259	316,636	246,631
Income attributable to depositors	(72,950)	(44,715)	(142,477)	(86,462)
Income from Islamic Banking Business	82,932	77,544	174,159	160,169
Of which:				
Financing income earned on impaired financing and advances	904	2,850	3,316	3,326

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20 Other Operating Expenses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2011</u>	<u>Preceding Corresponding Quarter Ended 30.06.2010</u>	<u>Current Financial Half Year Ended 30.06.2011</u>	<u>Preceding Corresponding Half Year Ended 30.06.2010</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	194,432	149,217	402,587	312,966
- Contributions to Employees Provident Fund	29,863	22,180	60,617	47,146
- Other staff related costs	22,948	13,820	41,322	29,414
	<u>247,243</u>	<u>185,217</u>	<u>504,526</u>	<u>389,526</u>
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	25,296	19,161	48,817	37,784
- Written off	3	-	22	-
- Rental of premises	14,994	14,286	29,975	27,859
- Rental of equipment	2,421	2,576	4,871	5,098
- Insurance	1,153	9,390	3,972	19,992
- Water and electricity	5,189	4,917	10,092	9,583
- Repair and maintenance	4,688	4,670	9,465	9,819
- Security & escorting expenses	9,267	7,814	18,474	15,049
- Information technology expenses	28,202	22,926	53,549	49,508
- Others	488	574	1,068	1,343
	<u>91,701</u>	<u>86,314</u>	<u>180,305</u>	<u>176,035</u>
<u>Marketing expenses</u>				
- Sales commission	5,419	2,524	8,124	3,321
- Advertisement and publicity	14,456	8,038	19,451	11,931
- Others	(239)	13,108	12,212	24,167
	<u>19,636</u>	<u>23,670</u>	<u>39,787</u>	<u>39,419</u>
<u>Administration and general expenses</u>				
- Communication expenses	22,450	17,425	45,042	36,650
- Others	28,998	18,259	31,516	38,089
	<u>51,448</u>	<u>35,684</u>	<u>76,558</u>	<u>74,739</u>
	<u>410,028</u>	<u>330,885</u>	<u>801,176</u>	<u>679,719</u>

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

20 Other Operating Expenses (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
	<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Half Year Ended</u>	<u>Half Year Ended</u>	
<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>	
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Bank				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	180,501	135,091	373,735	283,226
- Contributions to Employees Provident Fund	27,612	19,936	56,081	42,541
- Other staff related costs	21,147	12,368	37,558	26,683
	<u>229,260</u>	<u>167,395</u>	<u>467,374</u>	<u>352,450</u>
<u>Establishment costs</u>				
- Property, plant and equipment				
- Depreciation	22,898	16,905	44,181	33,147
- Written off	3	-	22	-
- Rental of premises	14,692	13,694	29,074	26,746
- Rental of equipment	2,346	2,501	4,750	4,941
- Insurance	1,323	7,972	3,152	17,354
- Water and electricity	4,799	4,519	9,324	8,828
- Repair and maintenance	4,454	4,390	9,020	9,356
- Security & escorting expenses	8,908	7,375	17,455	14,171
- Information technology expenses	26,248	21,346	48,795	44,858
	<u>85,671</u>	<u>78,702</u>	<u>165,773</u>	<u>159,401</u>
<u>Marketing expenses</u>				
- Sales commission	5,235	2,267	7,834	2,915
- Advertisement and publicity	13,670	7,608	18,196	11,143
- Others	(695)	12,514	11,477	23,158
	<u>18,210</u>	<u>22,389</u>	<u>37,507</u>	<u>37,216</u>
<u>Administration and general expenses</u>				
- Communication expenses	21,205	16,090	42,409	33,789
- Others	18,264	8,628	12,682	19,999
	<u>39,469</u>	<u>24,718</u>	<u>55,091</u>	<u>53,788</u>
	<u>372,610</u>	<u>293,204</u>	<u>725,745</u>	<u>602,855</u>

21 Allowance for Impairment on Loans, Advances and Financing

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
	<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Half Year Ended</u>	<u>Half Year Ended</u>	
<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>	
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Group				
Individual impairment allowance	50,317	55,234	43,387	93,888
Collective impairment allowance	119,820	103,324	284,410	193,365
Impaired loans and financing recovered	(48,156)	(66,118)	(127,361)	(107,458)
	<u>121,981</u>	<u>92,440</u>	<u>200,436</u>	<u>179,795</u>
Bank				
Individual impairment allowance	51,733	53,354	46,390	44,488
Collective impairment allowance	111,802	95,819	255,087	182,477
Impaired loans and financing recovered	(46,318)	(64,335)	(124,450)	(103,882)
	<u>117,217</u>	<u>84,838</u>	<u>177,027</u>	<u>123,083</u>

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22 Capital Adequacy

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

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).

	RHB Bank*		RHB Islamic Bank	
	Unaudited 30.06.2011 RM'000	Audited 31.12.2010 RM'000	Unaudited 30.06.2011 RM'000	Audited 31.12.2010 RM'000
Tier I Capital				
Paid-up ordinary share capital	3,318,085	3,318,085	523,424	523,424
Hybrid Tier-I Capital Securities	597,348	597,227	-	-
Share premium	8,563	8,563	-	-
Retained profits	2,948,464	2,492,142	222,371	222,371
Other reserves	2,667,506	2,673,342	231,484	231,484
	9,539,966	9,089,359	977,279	977,279
Less: Goodwill	(905,519)	(905,519)	-	-
Deferred tax assets	(275,265)	(265,300)	(33,269)	(33,269)
Total Tier I capital	8,359,182	7,918,540	944,010	944,010
Tier II Capital				
Subordinated obligations	3,000,000	3,000,000	-	-
Collective impairment allowance [^]	300,284	263,786	117,869	103,037
Total Tier II capital	3,300,284	3,263,786	117,869	103,037
Less: Investment in subsidiaries	(622,656)	(622,656)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(201,506)	(199,127)	-	-
Other deduction [#]	(3,254)	(3,190)	(238)	(102)
Eligible Tier II capital	2,472,868	2,438,813	117,631	102,935
Total capital base	10,832,050	10,357,353	1,061,641	1,046,945
<u>Capital ratios</u>				
Before proposed dividends:				
Core capital ratio	10.80%	10.79%	10.53%	12.23%
Risk-weighted capital ratio	14.00%	14.11%	11.84%	13.56%
After proposed dividends:				
Core capital ratio	10.80%	10.46%	10.53%	12.23%
Risk-weighted capital ratio	14.00%	13.79%	11.84%	13.56%

* 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.

[^] Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

[#] 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.

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

	RHB Bank		RHB Islamic Bank	
	Unaudited 30.06.2011 RM'000	Audited 31.12.2010 RM'000	Unaudited 30.06.2011 RM'000	Audited 31.12.2010 RM'000
Credit risk	68,752,908	65,571,292	7,934,231	7,124,858
Market risk	1,836,426	1,232,084	430,199	30,513
Operational risk	6,776,349	6,559,217	602,958	566,538
Total risk-weighted assets	77,365,683	73,362,593	8,967,388	7,721,909

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22 Capital Adequacy (cont'd)

	RHB Bank Group	
	Unaudited	Audited
	30.06.2011	31.12.2010
	RM'000	RM'000
Tier I Capital		
Paid-up ordinary share capital	3,318,085	3,318,085
Hybrid Tier-I Capital Securities	597,348	597,227
Share premium	8,563	8,563
Retained profits	3,284,207	2,827,885
Other reserves	2,860,413	2,866,249
	<u>10,068,616</u>	<u>9,618,009</u>
Less: Goodwill	(1,004,017)	(1,004,017)
Net deferred tax assets	(317,461)	(307,495)
Total Tier I capital	<u>8,747,138</u>	<u>8,306,497</u>
Tier II Capital		
Subordinated obligations	3,000,000	3,000,000
Collective impairment allowance [^]	413,462	368,224
Total Tier II capital	<u>3,413,462</u>	<u>3,368,224</u>
Less: Excess of total expected loss over total eligible provision under the IRB approach	(198,627)	(196,278)
Other deduction [#]	(3,492)	(3,292)
Eligible Tier II capital	<u>3,211,343</u>	<u>3,168,654</u>
Total capital base	<u>11,958,481</u>	<u>11,475,151</u>
Capital ratios		
Before proposed dividends:		
Core capital ratio	10.25%	10.27%
Risk-weighted capital ratio	14.02%	14.19%
After proposed dividends:		
Core capital ratio	10.25%	9.97%
Risk-weighted capital ratio	<u>14.02%</u>	<u>13.89%</u>

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

	RHB Bank Group	
	Unaudited	Audited
	30.06.2011	31.12.2010
	RM'000	RM'000
Credit risk	76,062,491	72,460,531
Market risk	1,805,321	1,255,271
Operational risk	7,412,828	7,162,161
Total risk-weighted assets	<u>85,280,640</u>	<u>80,877,963</u>

[^] Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on "Classification and Impairment Provisions for Loans/Financing" issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.

[#] 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.

Pursuant to BNM 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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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.

<u>Group</u>	← Unaudited →			← Audited →		
	30.06.2011			31.12.2010		
	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	1,534,992	1,463,723	1,234,964	2,366,972	2,301,345	2,575,444
Transaction-related contingent items	2,035,871	993,394	1,072,790	1,905,733	929,964	963,854
Short-term self-liquidating trade related contingencies	785,958	152,942	96,147	825,269	162,953	125,968
Obligations under underwriting agreements	190,500	95,250	95,250	29,000	14,500	14,500
Irrevocable commitments to extend credit:						
- maturity more than one year	4,008,761	1,050,554	905,882	4,492,229	1,302,224	1,079,891
- maturity less than one year	30,303,382	5,319,416	3,699,086	31,965,921	1,582,218	955,370
Foreign exchange related contracts:						
- less than one year	18,337,843	461,335	198,827	14,267,825	306,554	157,387
- one year to less than five years	2,430,967	416,028	175,225	1,183,447	564,225	300,962
Interest rate related contracts:						
- less than one year	3,862,005	11,489	3,521	2,386,825	10,333	2,840
- one year to less than five years	10,365,734	270,159	71,418	9,245,957	277,524	73,253
- more than five years	615,000	56,362	11,272	415,000	41,611	8,322
Commodity contracts:						
- less than one year	-	-	-	17,628	-	-
Total	74,471,013	10,290,652	7,564,382	69,101,806	7,493,451	6,257,791

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Foreign exchange, interest rate related and commodity 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: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II) 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).

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23 Commitments And Contingencies (cont'd)

Bank	← Unaudited 30.06.2011 →			← Audited 31.12.2010 →		
	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	1,455,056	1,385,989	1,157,230	2,170,663	2,105,036	2,379,135
Transaction-related contingent items	1,917,162	934,039	1,013,435	1,750,541	852,367	925,554
Short-term self-liquidating trade related contingencies	744,217	144,594	87,729	785,946	155,088	117,929
Irrevocable commitments to extend credit:						
- maturity more than one year	3,794,815	1,007,583	862,911	3,938,118	1,076,912	887,601
- maturity less than one year	28,054,566	4,869,653	3,272,134	29,557,105	1,361,312	734,464
Foreign exchange related contracts:						
- less than one year	18,338,446	461,344	198,836	14,269,356	306,593	157,427
- one year to less than five years	2,430,967	416,028	175,225	1,183,447	564,225	300,962
Interest rate related contracts:						
- less than one year	3,862,005	10,872	2,879	2,386,825	10,333	2,840
- one year to less than five years	12,283,851	314,335	93,506	9,895,957	303,524	86,253
- more than five years	615,000	56,362	11,272	415,000	41,611	8,322
Commodity contracts:						
- less than one year	-	-	-	17,628	-	-
Total	73,496,085	9,600,799	6,875,157	66,370,586	6,777,001	5,600,487

* 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: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

24 Capital Commitments

	Group		Bank	
	Unaudited As at 30.6.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 30.6.2011 RM'000	Audited As at 31.12.2010 RM'000
Capital expenditure for property, plant and equipment:				
- authorised and contracted for	89,694	71,444	89,694	62,211
- authorised but not contracted for	111,736	102,168	86,105	84,679
	201,430	173,612	175,799	146,890
Proposed acquisition of Bank Mestika	1,163,126	1,163,126	1,163,126	1,163,126
	1,364,556	1,336,738	1,338,925	1,310,016

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

25 Segmental Reporting On Revenue And Profit

Group

Six months ended 30 June 2011

	Corporate & Investment Banking	Retail Banking	Business Banking	Treasury & Money Market	Islamic Banking	Global Financing Banking	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	297,507	908,151	331,779	335,306	137,095	100,686	21,252	-	2,131,776
Inter-segment revenue	(1,277)	-	-	9,644	(7,803)	1,644	400	(2,608)	-
Segment revenue	296,230	908,151	331,779	344,950	129,292	102,330	21,652	(2,608)	2,131,776
Overhead expenses of which:	(41,571)	(304,842)	(138,178)	(14,250)	(14,860)	(60,428)	(7,469)	2,608	(578,990)
Depreciation of property, plant and equipment	(1,818)	(31,646)	(6,767)	(1,699)	(4,163)	(2,627)	(97)	-	(48,817)
Allowance for impairment on loans, advances and financing	(32,900)	(160,392)	15,585	-	(24,070)	1,341	-	-	(200,436)
Impairment losses on other assets	709	(17)	952	1,992	-	-	-	-	3,636
Profit before unallocated expenses	222,468	442,900	210,138	332,692	90,362	43,243	14,183	-	1,355,986
Unallocated expenses									(222,186)
Profit after unallocated expenses									1,133,800
Subordinated obligations									(77,012)
Hybrid Tier-I Capital Securities									(22,497)
Profit before taxation									1,034,291
Taxation									(256,000)
Net profit for the financial period									778,291

Group

Six months ended 30 June 2010

	Corporate & Investment Banking	Retail Banking	Business Banking	Treasury & Money Market	Islamic Banking	Global Financing Banking	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	246,420	767,165	279,119	347,514	126,897	91,859	5,619	-	1,864,593
Inter-segment revenue	(1,488)	-	-	5,926	(3,871)	1,365	399	(2,331)	-
Segment revenue	244,932	767,165	279,119	353,440	123,026	93,224	6,018	(2,331)	1,864,593
Overhead expenses of which:	(37,495)	(241,285)	(126,410)	(13,244)	(8,369)	(56,948)	(12,878)	2,331	(494,298)
Depreciation of property, plant and equipment	(1,592)	(22,128)	(6,026)	(1,922)	(4,153)	(1,866)	(97)	-	(37,784)
Allowance for impairment on loans, advances and financing	46,799	(149,857)	(21,497)	-	(50,159)	(5,081)	-	-	(179,795)
Impairment losses on other assets	5,102	(303)	-	1,265	-	(313)	-	-	5,751
Profit before unallocated expenses	259,338	375,720	131,212	341,461	64,498	30,882	(6,860)	-	1,196,251
Unallocated expenses									(185,421)
Profit after unallocated expenses									1,010,830
Subordinated obligations									(60,265)
Hybrid Tier-I Capital Securities									(22,488)
Profit before taxation									928,077
Taxation									(229,491)
Net profit for the financial period									698,586

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

26 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:

	Group		Bank	
	Unaudited As at 30.06.2011	Audited As at 31.12.2010	Unaudited As at 30.06.2011	Audited As at 31.12.2010
Outstanding credit exposures with connected parties (RM'000)	4,175,524	4,841,103	4,102,641	4,579,349
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	4.09%	5.15%	4.70%	5.58%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.15%	0.08%	0.16%	0.09%

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.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

27 Valuation of Property, Plant and Equipment

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

28 Events subsequent to Balance Sheet Date

There were no events subsequent to the balance sheet date that have not been reflected in the financial statements except for the following:

(a) Proposed Senior Notes and/or Subordinated Notes under a Multi-Currency Medium Term Note Programme ('MCMTN Programme') of up to RM3.0 Billion in Nominal Value (or its equivalent in other currencies)

The Securities Commission ('SC') had on 7 July 2011, approved the Bank's application for the establishment of the MCMTN Programme and the issue of senior notes and/or subordinated notes ('Subordinated Notes') thereunder BNM has also approved the issuance of Subordinated Notes on 27 May 2011.

The proceeds raised from the MCMTN Programme will be utilised by the Bank for its and its subsidiaries' general working capital and other corporate purposes (including provision of advances by the Bank to any of its subsidiaries) and repayment of borrowings (if applicable).

The Bank has yet to issue the said MCMTN as at to date.

29 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 2011.

30 Changes in Profit for the Quarter

The group recorded a pre-tax profit of RM504.8 million for the current quarter, 4.7% lower as compared to the preceeding quarter ended 31 March 2011 of RM529.5 million. The lower profit was mainly due to higher allowance for impairment on loans, advances and financing by RM43.5 million, higher other operating expenses by RM18.9 million and lower Islamic Banking business by RM8.3 million, partly offset by higher other operating income and higher net interest income by RM24.9 million and RM21.4 million respectively.

31 Performance Review

For the six months ended 30 June 2011, the Group recorded a pre-tax profit of RM1,034.3 million, 11.4% higher than the previous year corresponding period ended 30 June 2010 of RM928.1 million. The higher pre-tax profit was mainly due to higher net interest income, other operating income and Islamic Banking business by RM175.3 million, RM61.1 million and RM14.0 million respectively, partly offset by higher other operating expenses by RM121.5 million, higher allowance for impairment on loans, advances and financing by RM20.6 million and lower write-back of impairment on other assets by RM2.1 million.

32 Prospects for 2011

The Malaysian economy is expected to grow at between 5% to 6% for 2011 amidst a challenging external environment due to continued weakness in the US and the Europe. The outlook for the Malaysian banking sector remains positive, supported by the underlying strengths of the domestic economy and the roll-out of the large-scale infrastructure projects under the Economic Transformation Programme.

In spite of what is expected to be a more challenging second half 2011, the Group remain cautiously confident that the Malaysian economy will continue to be supportive of business growth. RHB Bank aims to maintain its growth momentum for the second half of the year.

The Group will remain focus on building our core businesses and continue to look for opportunities to expand our market share and increase our leadership position in targeted markets and product segments. The Group expects to maintain a satisfactory performance in 2011.