

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		As at 31.03.2011 RM'000	As at 31.12.2010 RM'000	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
ASSETS					
Cash and short-term funds		1,542,964	1,907,199	1,479,949	1,841,694
Deposits and placements with banks and other financial institutions		200,265	250,275	200,265	250,275
Financial assets held-for-trading	8	467,946	350,330	467,946	350,330
Financial investments available-for-sale	9	2,851,925	3,272,231	2,836,250	3,257,686
Financial investments held-to-maturity	10	183,231	184,918	183,231	184,918
Loans and advances	11	46,654	49,891	46,654	49,891
Clients' and brokers' balances		524,230	421,127	524,230	421,127
Other assets	12	44,815	29,099	14,872	17,277
Derivative assets		15,577	19,094	15,577	19,094
Tax recoverable		12,608	8,542	12,584	8,516
Deferred tax assets		1,428	776	327	-
Statutory deposits with Bank Negara Malaysia		28,700	33,250	28,700	33,250
Investments in subsidiaries		-	-	84,970	84,970
Investment in a joint venture		24,253	25,044	27,399	27,399
Property, plant and equipment		13,851	14,075	12,149	12,334
Goodwill		172,844	172,844	159,280	159,280
TOTAL ASSETS		6,131,291	6,738,695	6,094,383	6,718,041
LIABILITIES AND EQUITY					
Deposits from customers	13	2,447,499	2,646,421	2,447,499	2,646,421
Deposits and placements of banks and other financial institutions	14	1,869,089	2,485,881	1,869,089	2,485,881
Clients' and brokers' balances		815,442	610,360	815,442	610,360
Other liabilities	15	82,804	73,722	52,312	60,052
Derivative liabilities		16,756	20,144	16,756	20,144
Taxation		1,893	2,033	-	-
Deferred tax liabilities		288	2,251	-	2,251
Subordinated obligations		249,351	246,127	249,351	246,127
TOTAL LIABILITIES		5,483,122	6,086,939	5,450,449	6,071,236
Ordinary share capital		263,646	263,646	263,646	263,646
Reserves		384,523	388,110	380,288	383,159
TOTAL EQUITY		648,169	651,756	643,934	646,805
TOTAL LIABILITIES AND EQUITY		6,131,291	6,738,695	6,094,383	6,718,041
COMMITMENTS AND CONTINGENCIES	22	2,360,704	2,289,842	2,360,704	2,289,842

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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	<u>Group</u> <u>Individual Quarter</u>		<u>Bank</u> <u>Individual Quarter</u>	
		Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended
		31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Interest income	16	45,823	53,222	45,550	53,107
Interest expense	17	(38,274)	(35,241)	(38,274)	(35,241)
Net interest income		7,549	17,981	7,276	17,866
Other operating income	18	46,404	53,992	39,393	45,580
Other operating expenses	19	53,953 (46,645)	71,973 (44,389)	46,669 (38,685)	63,446 (38,434)
Operating profit before allowances (Allowance made)/write-back for impairment on loans, advances and other assets	20	7,308 (1,500)	27,584 357	7,984 (1,500)	25,012 357
Impairment losses on financial investments		-	(482)	-	-
Share of results in a joint venture		5,808 132	27,459 33	6,484 -	25,369 -
Profit before taxation		5,940	27,492	6,484	25,369
Taxation		(1,462)	(6,814)	(1,620)	(6,342)
Net profit for the financial period		<u>4,478</u>	<u>20,678</u>	<u>4,864</u>	<u>19,027</u>
Earnings per share (sen)					
- basic		<u>1.7</u>	<u>7.8</u>	<u>1.8</u>	<u>7.2</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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	<u>Group</u> <u>Individual Quarter</u>		<u>Bank</u> <u>Individual Quarter</u>	
	Current Financial Quarter Ended 31.03.2011 RM'000	Preceding Corresponding Quarter Ended 31.03.2010 RM'000	Current Financial Quarter Ended 31.03.2011 RM'000	Preceding Corresponding Quarter Ended 31.03.2010 RM'000
Net profit for the financial period	4,478	20,678	4,864	19,027
Other comprehensive income/(loss):				
Currency translation differences	(1,193)	(1,157)	-	-
Financial investments available-for-sale ('AFS')				
- Unrealised net (loss)/gain on revaluation	(6,765)	7,514	(7,915)	7,514
- Net transfer to income statement on disposal or impairment	(2,398)	(9,642)	(2,398)	(9,642)
Income tax relating to components of other comprehensive income	2,291	532	2,578	532
Other comprehensive loss for the financial period, net of tax	(8,065)	(2,753)	(7,735)	(1,596)
Total comprehensive (loss)/income for the financial period	(3,587)	17,925	(2,871)	17,431

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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011

<u>Group</u>	Share capital 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	263,646	278,549	(4,954)	10,698	103,817	651,756
Net profit for the financial period	-	-	-	-	4,478	4,478
Other comprehensive income/(loss) for the financial year:						
Currency translation differences	-	-	(1,193)	-	-	(1,193)
Financial investments AFS						
- Unrealised net gain/(loss) on revaluation	-	-	-	(6,765)	-	(6,765)
- Net transfer to income statement on disposal or impairment	-	-	-	(2,398)	-	(2,398)
Income tax relating to components of other comprehensive income	-	-	-	2,291	-	2,291
Total comprehensive (loss)/income for the financial period	-	-	(1,193)	(6,872)	4,478	(3,587)
Balance as at 31 March 2011	263,646	278,549	(6,147)	3,826	108,295	648,169

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RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011

<u>Group</u>	Share capital 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 2010	263,646	278,549	(2,477)	(10,690)	222,452	751,480
Net profit for the financial period	-	-	-	-	20,678	20,678
Other comprehensive income/(loss) for the financial year:						
Currency translation differences	-	-	(1,157)	-	-	(1,157)
Financial investments AFS						
- Unrealised net gain/(loss) on revaluation	-	-	-	7,514	-	7,514
- Net transfer to income statement on disposal or impairment	-	-	-	(9,642)	-	(9,642)
Income tax relating to components of other comprehensive income	-	-	-	532	-	532
Total comprehensive (loss)/income for the financial period	-	-	(1,157)	(1,596)	20,678	17,925
Balance as at 31 March 2010	<u>263,646</u>	<u>278,549</u>	<u>(3,634)</u>	<u>(12,286)</u>	<u>243,130</u>	<u>769,405</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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011

<u>Bank</u>	Share capital RM'000	← Non-distributable Statutory reserves RM'000	→ AFS reserves RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2011	263,646	278,549	10,698	93,912	646,805
Net profit for the financial period	-	-	-	4,864	4,864
Other comprehensive income/(loss) for the financial year:					
Financial investments AFS					
- Unrealised net gain/(loss) on revaluation	-	-	(7,915)	-	(7,915)
- Net transfer to income statement on disposal or impairment	-	-	(2,398)	-	(2,398)
Income tax relating to components of other comprehensive income	-	-	2,578	-	2,578
Total comprehensive (loss)/income for the financial period	-	-	(7,735)	4,864	(2,871)
Balance as at 31 March 2011	263,646	278,549	2,963	98,776	643,934

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RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011

<u>Bank</u>	Share capital RM'000	← Non-distributable Statutory reserves RM'000	→ AFS reserves RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2010	263,646	278,549	(10,690)	220,169	751,674
Net profit for the financial period	-	-	-	19,027	19,027
Other comprehensive income/(loss) for the financial year:					
Financial investments AFS					
- Unrealised net gain/(loss) on revaluation	-	-	7,514	-	7,514
- Net transfer to income statement on disposal or impairment	-	-	(9,642)	-	(9,642)
Income tax relating to components of other comprehensive income	-	-	532	-	532
Total comprehensive (loss)/income for the financial period	-	-	(1,596)	19,027	17,431
Balance as at 31 March 2010	263,646	278,549	(12,286)	239,196	769,105

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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Three months ended	
	31.03.2011	31.03.2010
	RM '000	RM '000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,940	27,492
Adjustment for non-cash items	(36,787)	(51,451)
Operating loss before changes in working capital	(30,847)	(23,959)
Changes in working capital:		
Net changes in operating assets	(187,879)	(845,568)
Net changes in operating liabilities	(601,714)	347,741
Cash used in operations	(820,440)	(521,786)
Taxation paid	(5,993)	(6,896)
Taxation recovered	-	246
Net cash used in operating activities	(826,433)	(528,436)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of financial investments held-to-maturity	2,787	462
Net sale of financial investments available-for-sale	413,542	841,482
Interest received from financial investments held-to-maturity	1,035	913
Interest received from financial investments available-for-sale	44,658	28,829
Property, plant and equipment:		
- Purchase	(828)	(604)
- Proceeds from disposal	81	-
Net cash generated from investing activities	461,275	871,082
Net (decrease)/increase in cash and cash equivalents	(365,158)	342,646
Effects of exchange rate differences	923	889
Cash and cash equivalents		
- at the beginning of the financial period	1,907,199	1,449,186
- at the end of the financial period	1,542,964	1,792,721
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,542,964	1,792,721

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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Three months ended	
	31.03.2011	31.03.2010
	RM '000	RM '000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,484	25,369
Adjustment for non-cash items	(36,782)	(51,499)
Operating loss before changes in working capital	(30,298)	(26,130)
Changes in working capital:		
Net changes in operating assets	(168,436)	(837,524)
Net changes in operating liabilities	(618,663)	270,620
Cash used in operations	(817,397)	(593,034)
Taxation paid	(5,688)	(6,692)
Net cash used in operating activities	(823,085)	(599,726)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of financial investments held-for-trading	2,787	-
Net sale of financial investments held-to-maturity	-	462
Net sale of financial investments available-for-sale	413,520	840,977
Interest received from financial investments held-to-maturity	1,035	913
Interest received from financial investments available-for-sale	44,658	28,829
Property, plant and equipment:		
- Purchase	(741)	(592)
- Proceeds from disposal	81	-
Net cash generated from investing activities	461,340	870,589
Net (decrease)/increase in cash and cash equivalents	(361,745)	270,863
Cash and cash equivalents		
- at the beginning of the financial period	1,841,694	1,409,767
- at the end of the financial period	1,479,949	1,680,630
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,479,949	1,680,630

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 INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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	Improving Disclosures about Financial Instruments
- Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
- IC Interpretation 4	Determining Whether an Arrangement contains a Lease
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 Audit Report

The auditors' report for the financial year ended 31 December 2010 was not subjected 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 three months ended 31 March 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 three months ended 31 March 2011.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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

No dividend was paid by the Bank during the three months ended 31 March 2011.

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

8 Financial Assets Held-For-Trading

At fair value	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2011	31.12.2010
	RM'000	RM'000
<u>Money market instruments:</u>		
Malaysian Government Securities	258,112	-
Malaysian Government Investment Issues	60,205	35,555
Bank Negara Malaysia ('BNM') Monetary Notes	99,993	192,952
Negotiable instruments of deposits	-	51,502
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Private debt securities	49,636	70,321
	467,946	350,330

9 Financial Investments Available-For-Sale

At fair value	Group		Bank	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	31.03.2011	31.12.2010	31.03.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government Investment Issue	622,398	774,379	622,398	774,379
Malaysian Government Securities	1,142,873	1,321,458	1,142,873	1,321,458
Khazanah bonds	12,073	11,984	12,073	11,984
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	34	23	34	23
Corporate loan stocks	1,736	1,282	1,736	1,282
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	18,816	18,816	18,816	18,816
Private debt securities	1,017,658	1,109,082	1,017,658	1,109,082
Corporate loan stocks	20,662	20,662	20,662	20,662
Redeemable convertible preference shares	15,130	13,980	-	-
<u>Outside Malaysia</u>				
Corporate loan stocks	545	565	-	-
	2,851,925	3,272,231	2,836,250	3,257,686

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

10 Financial Investments Held-To-Maturity

	Group and Bank	
	Unaudited As at 31.03.2011	Audited As at 31.12.2010
At amortised cost	RM'000	RM'000
<u>Money market instruments:</u>		
Malaysian Government Securities	44,900	45,298
<u>Unquoted Securities:</u>		
<u>In Malaysia</u>		
Bonds	23	23
Prasarana bonds	100,919	99,872
Private debt securities	131,149	133,485
	276,991	278,678
Accumulated impairment losses	(93,760)	(93,760)
	183,231	184,918

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

11 Loans and Advances

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2011	31.12.2010
	RM'000	RM'000
(i) By type		
At amortised cost		
Share margin financing	45,841	48,967
Staff loans	2,363	2,566
	<u>48,204</u>	<u>51,533</u>
Gross loans and advances	48,204	51,533
Allowance for impaired loans and advances		
- individual impairment allowance	(840)	(882)
- collective impairment allowance	(710)	(760)
	<u>(1,550)</u>	<u>(1,642)</u>
Net loans and advances	<u>46,654</u>	<u>49,891</u>
(ii) By type of customer		
Domestic non-bank financial institutions		
- others	1,827	2,783
Individuals	45,076	47,476
Foreign entities	1,301	1,274
	<u>48,204</u>	<u>51,533</u>
(iii) By interest rate sensitivity		
Fixed rate		
- other fixed rate loans	48,204	51,533
	<u>48,204</u>	<u>51,533</u>
(iv) By Purpose		
Purchase of securities	45,841	48,967
Purchase of transport vehicles	133	285
Purchase of landed property:		
- Residential	2,230	2,281
	<u>48,204</u>	<u>51,533</u>
(v) By remaining contractual maturities		
Maturity within one year	45,860	49,085
One year to three years	141	186
Three years to five years	90	105
Over five years	2,113	2,157
	<u>48,204</u>	<u>51,533</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

11 Loans and Advances (cont'd)

	Group and Bank	
	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000
(vi) Impaired Loans and Advances		
(a) Movements in impaired loans and advances		
Balance as at the beginning of financial period/year	918	1,183
Classified as impaired during the financial period/year	214	10
Amount recovered	(44)	(275)
Balance as at the end of the financial period/year	<u>1,088</u>	<u>918</u>
(b) By purpose		
Purchase of securities	<u>1,088</u>	<u>918</u>
(c) Movements in allowances for impaired loans and advances		
Individual impairment allowance		
Balance as at the beginning of the financial period/year	882	1,091
Allowance made	3	12
Amount recovered	(45)	(221)
Balance as at the end of the financial period/year	<u>840</u>	<u>882</u>
Collective impairment allowance		
Balance as at the beginning of the financial period/year	760	916
Net allowance written back	(50)	(156)
Balance as at the end of the financial period/year	<u>710</u>	<u>760</u>

12 Other Assets

	Group		Bank	
	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000
Amounts due from subsidiaries	-	-	624	794
Amounts due from related companies	977	2,198	866	786
Other debtors, deposits and prepayments	43,838	26,901	13,382	15,697
	<u>44,815</u>	<u>29,099</u>	<u>14,872</u>	<u>17,277</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

13 Deposits from Customers

	Group and Bank	
	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000
(i) By type of deposits:		
Fixed deposits	1,624,939	1,474,471
Short term deposits	822,560	1,171,950
	<u>2,447,499</u>	<u>2,646,421</u>
(ii) The maturity structure of total deposits are as follows:		
Due within six months	<u>2,447,499</u>	<u>2,646,421</u>
(iii) The deposits are sourced from the following customers:		
Federal government and statutory bodies	117,995	219,750
Business enterprises	2,329,504	2,426,671
	<u>2,447,499</u>	<u>2,646,421</u>

14 Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	180,375	80,012
Other financial institutions	1,688,714	2,405,869
	<u>1,869,089</u>	<u>2,485,881</u>

15 Other Liabilities

	Group		Bank	
	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000
Amount due to immediate holding company	391	498	383	485
Amounts due to subsidiaries	-	-	906	855
Amounts due to related companies	10,690	13,306	9,204	11,924
Amount payable for creation of units due to funds	21,300	2,069	-	-
Amount payable for redemption units	2,357	3,056	-	-
Remisiers' trust deposits	8,808	8,490	8,808	8,490
Accrued personnel costs	7,381	17,103	6,062	12,168
Other creditors and accruals	31,877	29,200	26,949	26,130
	<u>82,804</u>	<u>73,722</u>	<u>52,312</u>	<u>60,052</u>

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

16 Interest Income

	Group		Bank	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,218	1,318	1,218	1,318
Money at call and deposit placements with banks and other financial institutions	9,948	12,325	9,675	12,209
Financial assets held-for-trading	1,947	3,460	1,947	3,460
Financial investments available-for-sale	29,997	29,193	29,997	29,193
Financial investments held-to-maturity	1,567	1,528	1,567	1,528
Others	1,146	5,398	1,146	5,399
	45,823	53,222	45,550	53,107

17 Interest Expense

	Group and Bank	
	<u>Individual Quarter</u>	
	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended
	31.03.2011	31.03.2010
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	17,068	5,621
Deposits from customers	17,982	21,253
Subordinated obligations	3,224	3,224
Others	-	5,143
	38,274	35,241

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

18 Other Operating Income

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Current Financial Quarter Ended 31.03.2011	Preceding Corresponding Quarter Ended 31.03.2010	Current Financial Quarter Ended 31.03.2011	Preceding Corresponding Quarter Ended 31.03.2010
	RM'000	RM'000	RM'000	RM'000
a) Fee Income:				
Brokerage	27,399	21,195	27,399	21,195
Fund management fees	5,434	6,229	-	-
Fee on loans and advances	430	655	430	655
Corporate advisory fees	3,390	2,488	3,390	2,488
Underwriting fees	167	8,905	167	8,905
Unit trust fee income	1,423	144	-	-
Other fee income	3,166	1,182	3,193	268
	41,409	40,798	34,579	33,511
b) Net gain/(loss) arising from financial assets held-for-trading				
- net gain/(loss) on revaluation	2,195	615	2,195	(449)
c) Net (loss)/gain on revaluation of derivatives	(886)	1,247	(886)	1,247
d) Net gain arising from financial investments AFS	2,398	9,642	2,398	9,642
	2,398	9,642	2,398	9,642
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	1,100	20	1,100	20
- gross dividend income	-	45	-	45
	1,100	65	1,100	65
f) Other income:				
Foreign exchange (loss)/gain				
- Realised	(17)	438	(10)	438
- Unrealised	176	1,092	-	1,031
Gain on disposal of property, plant and equipment	81	-	81	-
Other non-operating (loss)/income	(52)	95	(64)	95
	188	1,625	7	1,564
	46,404	53,992	39,393	45,580

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

19 Other Operating Expenses

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	23,240	25,630	17,706	20,082
- Contributions to Employees Provident Fund	3,631	3,462	2,702	2,535
- Other staff related costs	2,988	2,006	2,766	1,871
	29,859	31,098	23,174	24,488
<u>Establishment costs</u>				
- Depreciation	1,052	1,343	926	1,160
- Rental of premises	1,871	2,237	1,595	1,873
- Information technology expenses	580	1,234	704	1,098
- Others	2,509	1,492	2,419	1,370
	6,012	6,306	5,644	5,501
<u>Marketing expenses</u>				
- Sales commission	1,245	214	-	-
- Advertisement and publicity	2,588	183	2,559	175
- Others	1,668	1,926	1,365	1,787
	5,501	2,323	3,924	1,962
<u>Administration and general expenses</u>				
- Communication expenses	1,478	1,312	1,335	1,087
- Legal and professional fees	110	161	85	140
- Others	3,685	3,189	4,523	5,256
	5,273	4,662	5,943	6,483
	46,645	44,389	38,685	38,434

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

20 Allowance for Impairment on Loans, Advances and Other Receivables

	Group and Bank	
	<u>Individual Quarter</u>	
	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended
	31.03.2011	31.03.2010
	RM'000	RM'000
Allowance made/(written back) for impairment - loans and advances:		
Individual impairment allowance	(42)	(22)
Collective impairment allowance	(50)	12
Bad debts recovered	-	(58)
Allowance made/(written back) for impairment - other assets	1,592	(289)
	1,500	(357)

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011
(cont'd)

21 Capital Adequacy

The capital adequacy ratios of RHB Investment Bank Berhad are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

The capital adequacy ratios of the Bank are as follows:

	Bank	
	Unaudited	Audited
	As at	As at
	31.03.2011	31.12.2010
	RM'000	RM'000
Tier I Capital		
Paid-up share capital	263,646	263,646
Statutory reserves	278,549	278,549
Retained profits	93,912	93,912
	<u>636,107</u>	<u>636,107</u>
Less: Deferred tax assets	(1,315)	(1,315)
Goodwill	<u>(159,280)</u>	<u>(159,280)</u>
Total Tier I capital	<u>475,512</u>	<u>475,512</u>
Tier II Capital		
Collective impairment allowance	1,085	1,117
Subordinated obligations	237,755	237,756
Total Tier II capital	<u>238,840</u>	<u>238,873</u>
Less: Investments in subsidiaries	(84,970)	(84,970)
Investment in a joint venture	(27,399)	(27,399)
Securitisation exposures subject to deductions	(443)	(1,086)
Other deductions *	<u>(254)</u>	<u>(336)</u>
Eligible Tier II Capital	<u>125,774</u>	<u>125,082</u>
Total Capital Base	<u><u>601,286</u></u>	<u><u>600,594</u></u>
Capital ratios		
Before proposed dividends:		
Core capital ratio	28.22%	32.47%
Risk-weighted capital adequacy ratio	35.69%	41.02%
After proposed dividends:		
Core capital ratio	24.07%	27.69%
Risk-weighted capital adequacy ratio	<u>29.46%</u>	<u>33.85%</u>

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011
(cont'd)

21 Capital Adequacy (cont'd)

The breakdown of risk-weighted assets by each major risk category is as follows:

	Bank	
	Unaudited	Audited
	As at	As at
	31.03.2011	31.12.2010
	RM'000	RM'000
Credit risk	1,072,352	887,428
Market risk	211,223	161,901
Operational risk	401,315	414,976
Total risk weighted assets	1,684,890	1,464,305

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

RHB INVESTMENT BANK BERHAD (19663-P)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

22 Commitments And Contingencies

In the normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to customers. No material losses are anticipated as a result of these transactions.

Group and Bank	← Unaudited 31.03.2011 →			← Audited 31.12.2010 →		
	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
Other assets sold with recourse	227,368	227,368	45,474	4,718	4,718	-
Forward asset purchases	30,055	30,055	6,011	-	-	-
Obligations under an on-going underwriting agreements	128,000	64,000	23,000	177,762	88,881	29,800
Interest rate related contracts:						
- less than one year	180,000	1,021	204	290,000	1,663	333
- one year to less than five years	1,575,000	46,347	9,269	1,605,000	51,434	10,287
- five years and above	115,000	7,678	1,536	115,000	8,630	1,726
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	158	79	28	157	79	28
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	105,123	21,025	20,286	-	-	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provides for automatic cancellation due to deterioration in the borrowers' creditworthiness	-	-	-	97,205	-	-
Total	2,360,704	397,573	105,808	2,289,842	155,405	42,174

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines.

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011 (cont'd)

23 Valuation of Property, Plant and Equipment

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

24 Events subsequent to the date of statements of financial position

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

25 Changes in the Composition of the Group

There are no significant changes in the composition of the Group for the three months ended 31 March 2011.

26 Changes in Profit for the Quarter

For the three months ended 31 March 2011, the Group recorded a pre-tax profit of RM5.9 million, 71% lower as compared to the pre-tax profit of RM20.6 million for the preceding quarter ended 31 December 2010. The lower profit was mainly due to lower net interest income by RM2.4 million, lower other operating income by RM11.8 million, higher other operating expenses by RM10.3 million and higher allowance made for impairment on loans, and advances and other assets by RM2.0 million, partly offset by lower impairment losses on financial investments by RM11.9 million.

27 Performance Review

For the three months ended 31 March 2011, the Group recorded a pre-tax profit of RM5.9 million, 78% lower as compared to the previous corresponding quarter ended 31 March 2010 of RM27.5 million. The lower profit was mainly due to lower net interest income by RM10.4 million, lower other operating income by RM7.6 million resulting mainly from lower underwriting fee, and higher other operating expenses by RM2.3 million.

28 Prospects for 2011

The Malaysian economy is expected to grow moderately in the first half of 2011, gradually gaining momentum towards the second half of the year with full year growth projected at 5% to 6%. The impact of rising crude oil prices and the nuclear disaster in Japan will affect growth. The outlook of 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 (ETP).

RHB Investment Bank is optimistic that capital markets will remain steady after being given a boost with the recent launch of the Capital Market Masterplan Two as the roadmap to further unlock the potential of the Malaysian capital markets. We will continue to intensify efforts to secure deals and maintain market share dominance. RHB Investment Bank expects to maintain a satisfactory performance in 2011.