

RHB INVESTMENT BANK BERHAD (19663-P)
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		1,713,465	1,907,199	1,611,089	1,841,694
Deposits and placements with banks and other financial institutions		325,259	250,275	325,259	250,275
Financial assets held-for-trading	8	219,408	350,330	219,408	350,330
Financial investments available-for-sale	9	2,518,374	3,272,231	2,502,050	3,257,686
Financial investments held-to-maturity	10	239,988	184,918	239,988	184,918
Loans and advances	11	56,767	49,891	56,767	49,891
Clients' and brokers' balances		428,270	421,127	428,270	421,127
Other assets	12	25,107	29,099	20,276	17,277
Derivative assets		14,650	19,094	14,650	19,094
Tax recoverable		7,421	8,542	7,270	8,516
Deferred tax assets		1,040	776	-	-
Statutory deposits with Bank Negara Malaysia		76,500	33,250	76,500	33,250
Investments in subsidiaries		-	-	84,970	84,970
Investment in a joint venture		24,382	25,044	27,399	27,399
Property, plant and equipment		13,984	14,075	12,226	12,334
Goodwill		172,844	172,844	159,280	159,280
TOTAL ASSETS		5,837,459	6,738,695	5,785,402	6,718,041
LIABILITIES AND EQUITY					
Deposits from customers	13	2,438,588	2,646,421	2,438,588	2,646,421
Deposits and placements of banks and other financial institutions	14	1,700,580	2,485,881	1,700,580	2,485,881
Clients' and brokers' balances		723,247	610,360	723,247	610,360
Other liabilities	15	91,203	73,722	40,688	60,052
Derivative liabilities		15,396	20,144	15,396	20,144
Taxation		1,920	2,033	-	-
Deferred tax liabilities		2,395	2,251	2,108	2,251
Subordinated obligations		246,091	246,127	246,091	246,127
TOTAL LIABILITIES		5,219,420	6,086,939	5,166,698	6,071,236
Ordinary share capital		263,646	263,646	263,646	263,646
Reserves		354,393	388,110	355,058	383,159
TOTAL EQUITY		618,039	651,756	618,704	646,805
TOTAL LIABILITIES AND EQUITY		5,837,459	6,738,695	5,785,402	6,718,041
COMMITMENTS AND CONTINGENCIES	22	2,572,512	2,289,842	2,572,512	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 SIX MONTHS ENDED 30 JUNE 2011

<u>Group</u>	<u>Note</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>
Interest income	16	46,180	47,746	92,003	100,968
Interest expense	17	(38,764)	(33,285)	(77,038)	(68,526)
Net interest income		7,416	14,461	14,965	32,442
Other operating income	18	70,747	68,213	117,151	122,205
Other operating expenses	19	78,163 (38,111)	82,674 (38,926)	132,116 (84,756)	154,647 (83,315)
Operating profit before allowances		40,052	43,748	47,360	71,332
Write-back/(allowance made) for impairment on loans, advances and other assets	20	255	100	(1,245)	457
Impairment write-back/(losses) on financial investments	21	6,382	(30,000)	6,382	(30,482)
Share of results in a joint venture		46,689 12	13,848 407	52,497 144	41,307 440
Profit before taxation		46,701	14,255	52,641	41,747
Taxation		(12,011)	(3,369)	(13,473)	(10,183)
Net profit for the financial period		34,690	10,886	39,168	31,564
Earnings per share (sen)					
- basic		13.2	4.1	14.9	12.0

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 SIX MONTHS ENDED 30 JUNE 2011

	Note	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
		Current Financial Quarter Ended 30.06.2011 RM'000	Preceding Corresponding Quarter Ended 30.06.2010 RM'000	Current Financial Half Year Ended 30.06.2011 RM'000	Preceding Corresponding Half Year Ended 30.06.2010 RM'000
Bank					
Interest income	16	45,945	47,593	91,495	100,700
Interest expense	17	(38,764)	(33,285)	(77,038)	(68,526)
Net interest income		7,181	14,308	14,457	32,174
Other operating income	18	70,434	62,530	109,827	108,110
Other operating expenses	19	77,615 (31,185)	76,838 (32,556)	124,284 (69,870)	140,284 (70,990)
Operating profit before allowances		46,430	44,282	54,414	69,294
Write-back/(allowance made) for impairment on loans, advances and other assets	20	255	100	(1,245)	457
Impairment write-back/(losses) on financial investments	21	6,382	(30,000)	6,382	(30,000)
Profit before taxation		53,067	14,382	59,551	39,751
Taxation		(13,360)	(3,596)	(14,980)	(9,938)
Net profit for the financial period		<u>39,707</u>	<u>10,786</u>	<u>44,571</u>	<u>29,813</u>
Earnings per share (sen)					
- basic		<u>15.1</u>	<u>4.1</u>	<u>16.9</u>	<u>11.3</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 SIX MONTHS ENDED 30 JUNE 2011

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30.06.2011 RM'000	Preceding Corresponding Quarter Ended 30.06.2010 RM'000	Current Financial Half Year Ended 30.06.2011 RM'000	Preceding Corresponding Half Year Ended 30.06.2010 RM'000
Net profit for the financial period	34,690	10,886	39,168	31,564
Other comprehensive income/(loss):				
Currency translation differences	131	(379)	(1,062)	(1,536)
Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	10,671	36,492	3,906	44,006
- Net transfer to income statement on disposal or impairment	(3,937)	(15,160)	(6,335)	(24,802)
Income tax relating to components of other comprehensive income	(1,687)	(5,333)	604	(4,801)
Other comprehensive income/(loss) for the financial period, net of tax	5,178	15,620	(2,887)	12,867
Total comprehensive income for the financial period	39,868	26,506	36,281	44,431

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

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	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
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	39,707	10,786	44,571	29,813
Other comprehensive income/(loss):				
Financial investments AFS				
- Unrealised net gain on revaluation	10,685	36,492	2,770	44,006
- Net transfer to income statement on disposal or impairment	(3,937)	(15,160)	(6,335)	(24,802)
Income tax relating to components of other comprehensive income	(1,687)	(5,333)	891	(4,801)
Other comprehensive income/(loss) for the financial period, net of tax	5,061	15,999	(2,674)	14,403
Total comprehensive income for the financial period	44,768	26,785	41,897	44,216

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)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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	-	-	-	-	39,168	39,168
Other comprehensive income/(loss) for the financial year:						
Currency translation differences	-	-	(1,062)	-	-	(1,062)
Financial investments AFS						
- Unrealised net gain on revaluation	-	-	-	3,906	-	3,906
- Net transfer to income statement on disposal or impairment	-	-	-	(6,335)	-	(6,335)
Income tax relating to components of other comprehensive income	-	-	-	604	-	604
Total comprehensive (loss)/income for the financial period	-	-	(1,062)	(1,825)	39,168	36,281
Ordinary dividends	-	-	-	-	(69,998)	(69,998)
Balance as at 30 June 2011	263,646	278,549	(6,016)	8,873	72,987	618,039

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

<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	-	-	-	-	31,564	31,564
Other comprehensive income/(loss) for the financial year:						
Currency translation differences	-	-	(1,536)	-	-	(1,536)
Financial investments AFS						
- Unrealised net gain on revaluation	-	-	-	44,006	-	44,006
- Net transfer to income statement on disposal or impairment	-	-	-	(24,802)	-	(24,802)
Income tax relating to components of other comprehensive income	-	-	-	(4,801)	-	(4,801)
Total comprehensive (loss)/income for the financial period	-	-	(1,536)	14,403	31,564	44,431
Ordinary dividends	-	-	-	-	(185,871)	(185,871)
Balance as at 30 June 2010	<u>263,646</u>	<u>278,549</u>	<u>(4,013)</u>	<u>3,713</u>	<u>68,145</u>	<u>610,040</u>

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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	-	-	-	44,571	44,571
Other comprehensive income/(loss) for the financial year:					
Financial investments AFS					
- Unrealised net gain on revaluation	-	-	2,770	-	2,770
- Net transfer to income statement on disposal or impairment	-	-	(6,335)	-	(6,335)
Income tax relating to components of other comprehensive income	-	-	891	-	891
Total comprehensive (loss)/income for the financial period	-	-	(2,674)	44,571	41,897
Ordinary dividends	-	-	-	(69,998)	(69,998)
Balance as at 30 June 2011	<u>263,646</u>	<u>278,549</u>	<u>8,024</u>	<u>68,485</u>	<u>618,704</u>

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RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

<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	-	-	-	29,813	29,813
Other comprehensive income/(loss) for the financial year:					
Financial investments AFS					
- Unrealised net gain on revaluation	-	-	44,006	-	44,006
- Net transfer to income statement on disposal or impairment	-	-	(24,802)	-	(24,802)
Income tax relating to components of other comprehensive income	-	-	(4,801)	-	(4,801)
Total comprehensive (loss)/income for the financial period	-	-	14,403	29,813	44,216
Ordinary dividends	-	-	-	(185,871)	(185,871)
Balance as at 30 June 2010	263,646	278,549	3,713	64,111	610,019

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 SIX MONTHS ENDED 30 JUNE 2011**

	Six months ended	
	30.06.2011	30.06.2010
	RM '000	RM '000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	52,641	41,747
Adjustment for non-cash items	<u>(68,569)</u>	<u>(83,611)</u>
Operating loss before changes in working capital	(15,928)	(41,864)
Changes in working capital:		
Net changes in operating assets	335	720,283
Net changes in operating liabilities	<u>(874,034)</u>	<u>318,743</u>
Cash (used in)/generated from operations	(889,627)	997,162
Taxation paid	(11,981)	(13,771)
Taxation recovered	-	246
Net cash (used in)/generated from operating activities	<u>(901,608)</u>	<u>983,637</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of financial investments held-to-maturity	(53,379)	(2,198)
Net sale of financial investments available-for-sale	764,092	(356,873)
Interest received from financial investments held-to-maturity	3,407	3,095
Interest received from financial investments available-for-sale	64,716	50,595
Property, plant and equipment:		
- Purchase	(1,986)	(3,712)
- Proceeds from disposal	81	73
Dividend income received	135	65
Net cash generated from/(used in) investing activities	<u>777,066</u>	<u>(308,955)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholder	(69,998)	(185,871)
Net cash used in financing activities	<u>(69,998)</u>	<u>(185,871)</u>
Net (decrease)/increase in cash and cash equivalents	(194,540)	488,811
Effects of exchange rate differences	806	969
Cash and cash equivalents		
- at the beginning of the financial period	1,907,199	1,449,186
- at the end of the financial period	<u>1,713,465</u>	<u>1,938,966</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	<u>1,713,465</u>	<u>1,938,966</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
CONDENSED STATEMENT 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>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,551	39,751
Adjustment for non-cash items	(75,290)	(83,435)
Operating loss before changes in working capital	(15,739)	(43,684)
Changes in working capital:		
Net changes in operating assets	(5,593)	720,136
Net changes in operating liabilities	(910,879)	316,482
Cash used in operations	(932,211)	992,934
Taxation paid	(11,377)	(13,384)
Net cash (used in)/generated from operating activities	(943,588)	979,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of financial investments held-to-maturity	(53,379)	(2,198)
Net sale of financial investments available-for-sale	764,735	(357,515)
Interest received from financial investments held-to-maturity	3,407	3,095
Interest received from financial investments available-for-sale	64,716	50,595
Property, plant and equipment:		
- Purchase	(1,714)	(3,648)
- Proceeds from disposal	81	-
Subscription of shares in a subsidiary company	-	10,000
Dividend income received	135	45
Dividend income received from subsidiary	5,000	-
Net cash generated from/(used in) investing activities	782,981	(299,626)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholder	(69,998)	(185,871)
Net cash used in financing activities	(69,998)	(185,871)
Net (decrease)/increase in cash and cash equivalents	(230,605)	494,053
Cash and cash equivalents		
- at the beginning of the financial period	1,841,694	1,409,767
- at the end of the financial period	1,611,089	1,903,820
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,611,089	1,903,820

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 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	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 six months ended 30 June 2011.

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS 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

The dividends paid by the Bank since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010:	
Final dividend of 18.06% less 25% income tax, paid on 19 May 2011	35,700
Special final dividend of 17.35% less 25% income tax, paid on 19 May 2011	<u>34,298</u>
	<u><u>69,998</u></u>

RHB INVESTMENT BANK BERHAD (19663-P)
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

At fair value	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.06.2011	31.12.2010
	RM'000	RM'000
<u>Money market instruments:</u>		
Malaysian Government Securities	51,666	-
Malaysian Government Investment Issues	30,443	35,555
Bank Negara Malaysia ('BNM') monetary notes	-	192,952
Negotiable instruments of deposits	-	51,502
<u>Unquoted securities:</u>		
<u>In Malaysia</u>		
Private debt securities	137,299	70,321
	219,408	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
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government Investment Issue	403,410	774,379	403,410	774,379
Malaysian Government Securities	936,041	1,321,458	936,041	1,321,458
Khazanah bonds	12,243	11,984	12,243	11,984
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	671	23	23	23
Loan stocks	1,496	1,282	1,496	1,282
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	18,333	18,816	18,333	18,816
Private debt securities	1,109,842	1,109,082	1,109,842	1,109,082
Loan stocks	20,662	20,662	20,662	20,662
Redeemable convertible preference shares	15,130	13,980	-	-
<u>Outside Malaysia</u>				
Loan stocks	546	565	-	-
	2,518,374	3,272,231	2,502,050	3,257,686

As at 30 June 2011, the carrying value of financial investments available-for-sale, which was transferred from financial assets held-for-trading and financial investment held-to-maturity in previous financial years, for the Group and the Bank are RM425,543,000 (2010: RM426,250,000) and RM16,133,000 (2010: RM16,616,000) 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 and Bank	
	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	45,354	45,298
Bankers' acceptances	58,319	-
<u>Unquoted Securities:</u>		
<u>In Malaysia</u>		
Bonds	23	23
Prasarana bonds	100,046	99,872
Private debt securities	130,006	133,485
	333,748	278,678
Accumulated impairment losses	(93,760)	(93,760)
	239,988	184,918

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

11 Loans and Advances

	Group and Bank	
	Unaudited	Audited
	As at	As at
	30.06.2011	31.12.2010
	RM'000	RM'000
(i) By type		
At amortised cost		
Share margin financing	56,146	48,967
Staff loans	2,201	2,566
	<u>58,347</u>	<u>51,533</u>
Gross loans and advances	58,347	51,533
Allowance for impaired loans and advances		
- individual impairment allowance	(716)	(882)
- collective impairment allowance	(864)	(760)
	<u>(1,580)</u>	<u>(1,642)</u>
Net loans and advances	<u>56,767</u>	<u>49,891</u>
(ii) By type of customer		
Domestic non-bank financial institutions		
- others	1,830	2,783
Individuals	56,004	47,476
Foreign entities	513	1,274
	<u>58,347</u>	<u>51,533</u>
(iii) By interest rate sensitivity		
Fixed rate		
- other fixed rate loans	58,347	51,533
	<u>58,347</u>	<u>51,533</u>
(iv) By Purpose		
Purchase of securities	56,146	48,967
Purchase of transport vehicles	111	285
Purchase of landed property:		
- Residential	2,090	2,281
	<u>2,090</u>	<u>2,281</u>
	<u>58,347</u>	<u>51,533</u>
(v) By remaining contractual maturities		
Maturity within one year	56,152	49,085
One year to three years	125	186
Three years to five years	106	105
Over five years	1,964	2,157
	<u>1,964</u>	<u>2,157</u>
	<u>58,347</u>	<u>51,533</u>

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

11 Loans and Advances (cont'd)

	Group and Bank	
	Unaudited	Audited
	As at	As at
(vi) Impaired Loans and Advances	30.06.2011	31.12.2010
	RM'000	RM'000
(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	4	10
Amount recovered	(69)	(275)
Amount written off	(102)	-
	<u>751</u>	<u>918</u>
(b) By purpose		
Purchase of securities	<u>751</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	6	12
Amount recovered	(70)	(221)
Amount written off	(102)	-
	<u>716</u>	<u>882</u>
Collective impairment allowance		
Balance as at the beginning of the financial period/year	760	916
Net allowance made/(written back)	104	(156)
	<u>864</u>	<u>760</u>

12 Other Assets

	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
Amounts due from subsidiaries	-	-	983	794
Amounts due from related companies	2,120	2,198	787	786
Other debtors, deposits and prepayments	22,987	26,901	18,506	15,697
	<u>25,107</u>	<u>29,099</u>	<u>20,276</u>	<u>17,277</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

	Group and Bank	
	Unaudited As at 30.06.2011 RM'000	Audited As at 31.12.2010 RM'000
(i) By type of deposits:		
Fixed deposits	1,411,492	1,474,471
Short term deposits	1,027,096	1,171,950
	<u>2,438,588</u>	<u>2,646,421</u>
 (ii) The maturity structure of total deposits are as follows:		
Due within six months	<u>2,438,588</u>	<u>2,646,421</u>
 (iii) The deposits are sourced from the following customers:		
Federal government and statutory bodies	157,857	219,750
Business enterprises	2,280,731	2,426,671
	<u>2,438,588</u>	<u>2,646,421</u>

14 Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	-	80,012
Other financial institutions	1,700,580	2,405,869
	<u>1,700,580</u>	<u>2,485,881</u>

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 immediate holding company	414	498	396	485
Amounts due to subsidiaries	-	-	1,001	855
Amounts due to related companies	11,418	13,306	10,313	11,924
Amount payable for creation of units due to funds	1,326	2,069	-	-
Amount payable for redemption units	42,466	3,056	-	-
Remisiers' trust deposits	8,758	8,490	8,758	8,490
Accrued personnel costs	9,299	17,103	6,499	12,168
Other creditors and accruals	17,522	29,200	13,721	26,130
	<u>91,203</u>	<u>73,722</u>	<u>40,688</u>	<u>60,052</u>

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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>	
	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
Loans and advances	1,089	1,240	2,307	2,558
Money at call and deposit placements with banks and other financial institutions	12,108	14,113	22,056	26,438
Financial assets held-for-trading	3,296	2,041	5,243	5,501
Financial investments available-for-sale	26,737	26,947	56,734	56,140
Financial investments held-to-maturity	1,834	1,525	3,401	3,053
Others	1,116	1,880	2,262	7,278
	46,180	47,746	92,003	100,968

<u>Bank</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
Loans and advances	1,089	1,240	2,307	2,558
Money at call and deposit placements with banks and other financial institutions	11,873	13,963	21,548	26,172
Financial assets held-for-trading	3,296	2,041	5,243	5,501
Financial investments available-for-sale	26,737	26,945	56,734	56,138
Financial investments held-to-maturity	1,834	1,525	3,401	3,053
Others	1,116	1,879	2,262	7,278
	45,945	47,593	91,495	100,700

17 Interest Expense

<u>Group and Bank</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
Deposits and placements of banks and other financial institutions	16,697	12,140	33,765	17,761
Deposits from customers	18,807	17,881	36,789	39,134
Subordinated obligations	3,260	3,260	6,484	6,484
Others	-	4	-	5,147
	38,764	33,285	77,038	68,526

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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:				
Brokerage	21,283	17,759	48,682	38,954
Fund management fees	5,783	4,840	11,217	11,069
Fee on loans and advances	890	1,126	1,320	1,781
Corporate advisory fees	2,821	8,989	6,211	11,477
Underwriting fees	2,756	1,301	2,923	10,206
Unit trust fee income	882	214	2,305	358
Other fee income	16,555	16,055	19,721	17,237
	50,970	50,284	92,379	91,082
b) Net gain arising from financial assets held-for-trading				
- net gain on disposal	11,542	860	12,545	1,763
- net gain on revaluation	2,029	1,217	3,221	929
- gross dividend income	-	20	-	20
	13,571	2,097	15,766	2,712
c) Net gain/(loss) arising on derivatives				
- net gain/(loss) on disposal	141	(2,529)	(617)	(4,094)
- unrealised revaluation gain	433	2,043	305	4,855
	574	(486)	(312)	761
d) Net gain arising from financial investments AFS				
- net gain on disposal	3,937	15,160	6,335	24,802
- gross dividend income	135	-	135	-
	4,072	15,160	6,470	24,802
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	538	-	1,638	20
- gross dividend income	-	-	-	45
	538	-	1,638	65
f) Other income:				
Foreign exchange gain				
- Realised	509	484	492	922
- Unrealised	107	463	283	1,555
Gain on disposal of property, plant and equipment	-	73	81	73
Other non-operating income	406	138	354	233
	1,022	1,158	1,210	2,783
	70,747	68,213	117,151	122,205

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18 Other Operating Income (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	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
Bank	RM'000	RM'000	RM'000	RM'000
a) Fee Income:				
Brokerage	21,283	17,759	48,682	38,954
Fee on loans and advances	890	1,126	1,320	1,781
Corporate advisory fees	2,821	8,989	6,211	11,477
Underwriting fees	2,756	1,301	2,923	10,206
Other fee income	16,424	15,588	19,617	15,856
	44,174	44,763	78,753	78,274
b) Net gain arising from financial assets held-for-trading				
- net gain on disposal	11,542	861	12,545	804
- net gain on revaluation	2,029	1,288	3,221	896
	13,571	2,149	15,766	1,700
c) Net gain/(loss) arising on derivatives				
- net gain/(loss) on disposal	141	(2,529)	(617)	(4,094)
- unrealised revaluation gain	433	2,043	305	4,855
	574	(486)	(312)	761
d) Net gain arising from financial investments AFS				
- net gain on disposal	3,937	15,160	6,335	24,802
- gross dividend income	135	-	135	-
	4,072	15,160	6,470	24,802
e) Net gain arising from financial investments held-to-maturity				
- net gain on redemption	538	-	1,638	20
- gross dividend income	-	-	-	45
	538	-	1,638	65
f) Other income:				
Foreign exchange gain				
- Realised	509	378	499	816
- Unrealised	-	428	-	1,459
Gain on disposal of property, plant and equipment	-	-	81	-
Gross dividend income from subsidiary	6,609	-	6,609	-
Other non-operating income	387	138	323	233
	7,505	944	7,512	2,508
	70,434	62,530	109,827	108,110

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

19 Other Operating Expenses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current	Preceding	Current	Preceding
	Financial	Corresponding	Financial	Corresponding
	Quarter Ended	Quarter Ended	Half Year Ended	Half Year Ended
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	19,162	18,636	42,402	44,266
- Contributions to Employees Provident Fund	2,935	2,922	6,566	6,384
- Other staff related costs	1,067	1,535	4,055	3,541
	23,164	23,093	53,023	54,191
<u>Establishment costs</u>				
- Depreciation	1,025	1,643	2,077	2,986
- Rental of premises	1,782	2,234	3,653	4,471
- Information technology expenses	1,606	1,876	2,186	3,110
- Others	1,886	1,634	4,395	3,126
	6,299	7,387	12,311	13,693
<u>Marketing expenses</u>				
- Sales commission	762	92	2,007	306
- Advertisement and publicity	1,641	2,607	4,229	2,790
- Others	1,513	640	3,181	2,566
	3,916	3,339	9,417	5,662
<u>Administration and general expenses</u>				
- Communication expenses	1,787	1,598	3,265	2,910
- Legal and professional fees	387	265	497	426
- Others	2,558	3,244	6,243	6,433
	4,732	5,107	10,005	9,769
	38,111	38,926	84,756	83,315

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19 Other Operating Expenses (cont'd)

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	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
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	14,231	14,275	31,937	34,357
- Contributions to Employees Provident Fund	2,159	2,264	4,861	4,799
- Other staff related costs	824	1,207	3,590	3,078
	<u>17,214</u>	<u>17,746</u>	<u>40,388</u>	<u>42,234</u>
<u>Establishment costs</u>				
- Depreciation	896	1,436	1,822	2,596
- Rental of premises	1,495	1,793	3,090	3,666
- Information technology expenses	1,495	1,750	2,199	2,848
- Others	1,850	1,554	4,269	2,924
	<u>5,736</u>	<u>6,533</u>	<u>11,380</u>	<u>12,034</u>
<u>Marketing expenses</u>				
- Advertisement and publicity	1,554	2,455	4,113	2,630
- Others	1,194	366	2,559	2,153
	<u>2,748</u>	<u>2,821</u>	<u>6,672</u>	<u>4,783</u>
<u>Administration and general expenses</u>				
- Communication expenses	1,463	1,383	2,798	2,470
- Legal and professional fees	343	146	428	286
- Others	3,681	3,927	8,204	9,183
	<u>5,487</u>	<u>5,456</u>	<u>11,430</u>	<u>11,939</u>
	<u>31,185</u>	<u>32,556</u>	<u>69,870</u>	<u>70,990</u>

20 Allowance for Impairment on Loans, Advances and Other Receivables

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	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
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
Allowance made/(written back) for impairment - loans and advances:				
Individual impairment allowance	(22)	(26)	(64)	(48)
Collective impairment allowance	154	54	104	66
Bad debts recovered	-	-	-	(58)
Bad debts written off	-	45	-	45
Allowance made/(written back) for impairment - other assets				
	<u>(387)</u>	<u>(173)</u>	<u>1,205</u>	<u>(462)</u>
	<u>(255)</u>	<u>(100)</u>	<u>1,245</u>	<u>(457)</u>

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21 Impairment (Write-back)/Losses on Financial Investments

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	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
<u>Group and Bank</u>	RM'000	RM'000	RM'000	RM'000
(Reversal)/charge for the financial year				
- Financial investments available-for-sale	(6,329)	30,000	(6,329)	30,482
- Financial investments held-to-maturity	(53)	-	(53)	-
	<u>(6,382)</u>	<u>30,000</u>	<u>(6,382)</u>	<u>30,482</u>

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(cont'd)

22 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 Group and the Bank are as follows:

	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
Tier I Capital				
Paid-up share capital	263,646	263,646	263,646	263,646
Statutory reserves	278,549	278,549	278,549	278,549
Retained profits	33,819	103,817	23,914	93,912
	576,014	646,012	566,109	636,107
Less: Deferred tax assets	(2,091)	(2,091)	(1,315)	(1,315)
Goodwill	(172,844)	(172,844)	(159,280)	(159,280)
Total Tier I capital	401,079	471,077	405,514	475,512
Tier II Capital				
Collective impairment allowance	1,133	1,117	1,133	1,117
Subordinated obligations	200,540	235,538	202,757	237,756
Total Tier II capital	201,673	236,655	203,890	238,873
Less: Investments in subsidiaries	-	-	(84,970)	(84,970)
Investment in a joint venture	(24,382)	(25,044)	(27,399)	(27,399)
Securitisation exposures subject to deductions	(19,898)	(1,086)	(19,898)	(1,086)
Other deductions *	(231)	(344)	(231)	(336)
Eligible Tier II Capital	157,162	210,181	71,392	125,082
Total Capital Base	558,241	681,258	476,906	600,594
Capital ratios				
Before proposed dividends:				
Core capital ratio	20.36%	30.20%	21.44%	32.47%
Risk-weighted capital adequacy ratio	28.34%	43.68%	25.22%	41.02%
After proposed dividends:				
Core capital ratio	20.36%	25.71%	21.44%	27.69%
Risk-weighted capital adequacy ratio	28.34%	39.19%	25.22%	33.85%

* 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.

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

22 Capital Adequacy (cont'd)

The breakdown of risk-weighted assets by each major risk category is 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
	RM'000	RM'000	RM'000	RM'000
Credit risk	1,170,185	928,519	1,141,876	887,428
Market risk	328,787	161,901	328,787	161,901
Operational risk	470,633	469,394	420,303	414,976
Total risk weighted assets	<u>1,969,605</u>	<u>1,559,814</u>	<u>1,890,966</u>	<u>1,464,305</u>

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

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23 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 30.06.2011 →			← 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	192,510	192,510	38,502	4,718	4,718	-
Forward asset purchases	269,482	269,482	53,896	-	-	-
Obligations under an on-going underwriting agreements	177,458	88,729	22,000	177,762	88,881	29,800
Interest rate related contracts:						
- less than one year	210,000	711	142	290,000	1,663	333
- one year to less than five years	1,525,000	39,184	7,837	1,605,000	51,434	10,287
- five years and above	115,000	7,935	1,587	115,000	8,630	1,726
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-	157	79	28
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	83,062	16,612	15,912	-	-	-
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	2,572,512	615,163	139,876	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 SIX MONTHS ENDED 30 JUNE 2011 (cont'd)

24 Valuation of Property, Plant and Equipment

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

25 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.

26 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.

27 Credit Exposure 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 and Bank	Audited
	Unaudited	As at
	As at	As at
	30.06.2011	31.12.2010
Outstanding credit exposures with connected parties (RM'000)	135,624	25,458
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	8.03%	1.60%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	-	-

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.

28 Changes in Profit for the Quarter

For the current financial quarter ended 30 June 2011, the Group recorded a pre-tax profit of RM46.7 million, RM40.8 million higher as compared to the pre-tax profit of RM5.9 million for the previous quarter ended 31 March 2011. The higher profits was mainly due to higher fee income by RM9.6 million, higher net gain arising from financial assets held-for-trading by RM11.4 million, lower other operating expenses by RM8.5 million, and higher impairment write-back by RM6.4 million.

29 Performance Review

For the six months ended 30 June 2011, the Group recorded a pre-tax profit of RM52.6 million, 26% higher as compared to the previous corresponding six months ended 30 June 2010 of RM41.7 million. The higher profit was mainly due to higher net gain arising from financial assets held-for-trading by RM13.0 million, a write back of impairment allowance on financial investments of RM6.4 million as compared to impairment allowance made of RM30.5 million in 2010, partly offset by lower net interest income by RM17.5 million, and lower net gain arising from financial investments AFS by RM18.3 million.

30 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 Investment Bank is well positioned to continue competing in an increasingly challenging environment. As the capital market is expected to remain robust in the next few months, we will intensify efforts to secure more deals. RHB Investment Bank expects to deliver a satisfactory performance in 2011.