

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012**

Note	Unaudited	Group		Unaudited	Bank		
	As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000	As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000	Restated As at 1.1.2011 RM'000	
<b>ASSETS</b>							
	Cash and short-term funds	15,682,746	18,392,186	12,981,081	10,394,391	12,344,141	11,093,561
	Securities purchased under resale agreements	170,175	142,291	276,407	170,175	142,291	276,407
	Deposits and placements with banks and other financial institutions	2,032,801	937,828	824,071	2,220,255	2,200,238	1,539,648
8	Financial assets held-for-trading	1,391,153	1,303,419	348,511	1,072,015	869,888	129,583
9	Financial investments available-for-sale	9,692,302	8,015,085	9,933,578	7,609,379	6,339,146	8,143,221
10	Financial investments held-to-maturity	14,009,788	13,475,167	10,674,245	12,223,351	12,021,999	9,558,312
11	Loans, advances and financing	101,869,462	95,317,875	81,515,787	85,535,454	80,593,659	71,169,425
12	Other assets	335,003	306,546	195,687	862,357	676,671	204,452
	Derivative assets	257,393	226,980	298,389	288,476	263,605	298,148
	Statutory deposits	3,299,512	3,168,309	426,304	2,655,657	2,561,754	321,064
	Tax recoverable	28	127,265	27	-	114,013	-
	Deferred tax assets	7,528	11,298	264,629	-	-	209,502
	Investment in subsidiaries	-	-	-	1,072,972	1,072,972	822,972
	Property, plant and equipment	782,383	787,865	701,158	619,631	625,567	540,483
	Goodwill	1,004,017	1,004,017	1,004,017	905,519	905,519	905,519
	<b>TOTAL ASSETS</b>	<b>150,534,291</b>	<b>143,216,131</b>	<b>119,443,891</b>	<b>125,629,632</b>	<b>120,731,463</b>	<b>105,212,297</b>
<b>LIABILITIES AND EQUITY</b>							
13	Deposits from customers	116,686,809	113,638,280	92,402,813	95,103,633	94,349,181	80,567,577
14	Deposits and placements of banks and other financial institutions	9,499,601	7,996,621	7,680,309	7,569,404	5,809,666	6,158,453
	Bills and acceptances payable	4,038,048	3,764,155	3,536,140	4,014,503	3,750,382	3,524,016
15	Other liabilities	935,086	993,207	1,003,049	815,189	925,776	868,827
	Derivative liabilities	244,338	237,004	240,161	242,060	234,522	238,984
	Recourse obligation on loans sold to Cagamas Berhad	1,361,106	1,161,814	818,503	1,119,521	1,161,814	818,503
	Taxation	79,573	3,704	167,338	68,005	-	163,133
	Deferred tax liabilities	63,731	55,845	6	59,501	55,841	-
	Long term borrowings	709,014	759,020	819,362	709,014	759,020	819,362
	Subordinated obligations	4,022,379	3,269,678	3,018,157	4,022,379	3,269,678	3,018,157
	Hybrid Tier-I Capital Securities	605,701	605,570	605,407	605,701	605,570	605,407
	Senior Debt Securities	949,847	-	-	949,847	-	-
	<b>TOTAL LIABILITIES</b>	<b>139,195,233</b>	<b>132,484,898</b>	<b>110,291,245</b>	<b>115,278,757</b>	<b>110,921,450</b>	<b>96,782,419</b>
	Share capital	3,318,085	3,318,085	3,318,085	3,318,085	3,318,085	3,318,085
	Reserves	8,020,973	7,413,148	5,834,561	7,032,790	6,491,928	5,111,793
	<b>TOTAL EQUITY</b>	<b>11,339,058</b>	<b>10,731,233</b>	<b>9,152,646</b>	<b>10,350,875</b>	<b>9,810,013</b>	<b>8,429,878</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>150,534,291</b>	<b>143,216,131</b>	<b>119,443,891</b>	<b>125,629,632</b>	<b>120,731,463</b>	<b>105,212,297</b>
23	<b>COMMITMENTS AND CONTINGENCIES</b>	<b>75,883,465</b>	<b>73,107,365</b>	<b>69,101,806</b>	<b>72,974,788</b>	<b>70,878,993</b>	<b>66,370,586</b>

*This Interim Financial Statements should be read in conjunction with the Audited Financial Statements of the Group and the Bank for the financial year ended 31 December 2011.*

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

<u>Group</u>	<u>Note</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
		<u>Current Financial Quarter Ended 30.06.2012</u> RM'000	<u>Restated Preceding Corresponding Quarter Ended 30.06.2011</u> RM'000	<u>Current Financial Half Year Ended 30.06.2012</u> RM'000	<u>Restated Preceding Corresponding Half Year Ended 30.06.2011</u> RM'000
Interest income	16	1,467,474	1,350,414	2,893,042	2,618,829
Interest expense	17	(704,949)	(603,036)	(1,391,173)	(1,146,770)
Net interest income		762,525	747,378	1,501,869	1,472,059
Other operating income	18	255,887	223,147	500,842	421,394
Income from Islamic Banking business	19	1,018,412 112,657	970,525 83,581	2,002,711 223,243	1,893,453 172,877
Other operating expenses	20	1,131,069 (471,524)	1,054,106 (410,028)	2,225,954 (936,806)	2,066,330 (801,176)
Operating profit before allowances		659,545	644,078	1,289,148	1,265,154
Allowance for impairment on loans, advances and financing	21	(37,289)	(157,289)	(82,127)	(153,180)
Write-back of impairment losses on other assets		2,328	1,633	3,760	3,636
Profit before taxation		624,584	488,422	1,210,781	1,115,610
Taxation		(153,249)	(118,671)	(296,763)	(275,297)
Net profit for the financial period		471,335	369,751	914,018	840,313
Earnings per share (sen)					
- Basic		7.10	5.57	13.77	12.66

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30.06.2012</b>	Restated Preceding Corresponding Quarter Ended 30.06.2011	<b>Current Financial Half Year Ended 30.06.2012</b>	Restated Preceding Corresponding Half Year Ended 30.06.2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the financial period	<b>471,335</b>	369,751	<b>914,018</b>	840,313
Other comprehensive income/(loss):				
Currency translation differences	<b>39,723</b>	(902)	<b>15,282</b>	(14,874)
Financial investments available-for-sale:				
- Unrealised net gain on revaluation	<b>26,513</b>	41,973	<b>71,819</b>	38,642
- Net transfer to income statements on disposal or impairment	<b>(9,407)</b>	(1,470)	<b>(33,875)</b>	(7,004)
Income tax relating to components of other comprehensive income	<b>(4,172)</b>	(10,186)	<b>(9,419)</b>	(8,044)
Other comprehensive income for the financial period, net of tax	<b>52,657</b>	29,415	<b>43,807</b>	8,720
Total comprehensive income for the financial period	<b>523,992</b>	399,166	<b>957,825</b>	849,033

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	<b>Note</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
		<b>Current Financial Quarter Ended 30.06.2012</b>	<b>Restated Preceding Corresponding Quarter Ended 30.06.2011</b>	<b>Current Financial Half Year Ended 30.06.2012</b>	<b>Restated Preceding Corresponding Half Year Ended 30.06.2011</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>					
Interest income	16	1,458,097	1,340,167	2,875,961	2,587,430
Interest expense	17	(702,218)	(599,897)	(1,385,227)	(1,140,215)
Net interest income		755,879	740,270	1,490,734	1,447,215
Other operating income	18	258,380	226,438	488,735	418,612
Other operating expenses	20	1,014,259 (423,419)	966,708 (372,610)	1,979,469 (847,820)	1,865,827 (725,745)
Operating profit before allowances		590,840	594,098	1,131,649	1,140,082
Allowance for impairment on loans, advances and financing	21	26,513	(166,029)	(11,402)	(147,143)
Write-back of impairment losses on other assets		2,328	1,633	3,760	3,636
Profit before taxation		619,681	429,702	1,124,007	996,575
Taxation		(159,250)	(106,175)	(268,478)	(253,426)
Net profit for the financial period		460,431	323,527	855,529	743,149
Earnings per share (sen)					
- Basic		6.94	4.88	12.89	11.20

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30.06.2012</b>	Restated Preceding Corresponding Quarter Ended 30.06.2011	<b>Current Financial Half Year Ended 30.06.2012</b>	Restated Preceding Corresponding Half Year Ended 30.06.2011
<b><u>Bank</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the financial period	<b>460,431</b>	323,527	<b>855,529</b>	743,149
Other comprehensive income/(loss):				
Currency translation differences	<b>24,995</b>	648	<b>14,181</b>	(5,835)
Financial investments available-for-sale:				
- Unrealised net gain on revaluation	<b>15,404</b>	35,833	<b>54,726</b>	37,230
- Net transfer to income statements on disposal or impairment	<b>(7,033)</b>	1,391	<b>(26,524)</b>	(3,167)
Income tax relating to components of other comprehensive income	<b>(2,092)</b>	(9,306)	<b>(7,050)</b>	(8,516)
Other comprehensive income for the financial period, net of tax	<b>31,274</b>	28,566	<b>35,333</b>	19,712
Total comprehensive income for the financial period	<b>491,705</b>	352,093	<b>890,862</b>	762,861

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**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 2012**

<u>Group</u>	← Attributable to equity holders of the Bank →						<b>Total</b> RM'000
	<b>Share capital</b> RM'000	<b>Share premium</b> RM'000	<b>Statutory reserves</b> RM'000	<b>Translation reserves</b> RM'000	<b>AFS reserves</b> RM'000	<b>Retained profits</b> RM'000	
Balance as at 1 January 2012							
- As previously reported	3,318,085	8,563	3,358,704	(61,408)	196,177	3,736,207	10,556,328
- Effect on full adoption of MFRS 139	-	-	-	19	-	174,886	174,905
- As restated	3,318,085	8,563	3,358,704	(61,389)	196,177	3,911,093	10,731,233
Net profit for the financial period	-	-	-	-	-	914,018	914,018
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	15,282	-	-	15,282
Financial investments available-for-sale ('AFS'):							
- Unrealised net gain on revaluation	-	-	-	-	71,819	-	71,819
- Net transfer to income statements on disposal or impairment	-	-	-	-	(33,875)	-	(33,875)
Income tax relating to components of other comprehensive income	-	-	-	-	(9,419)	-	(9,419)
Total comprehensive income for the financial period	-	-	-	15,282	28,525	914,018	957,825
Ordinary dividends	-	-	-	-	-	(350,000)	(350,000)
Transfer to statutory reserves	-	-	241,020	-	-	(241,020)	-
<b>Balance as at 30 June 2012</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,599,724</b>	<b>(46,107)</b>	<b>224,702</b>	<b>4,234,091</b>	<b>11,339,058</b>
Balance as at 1 January 2011							
- As previously reported	3,318,085	8,563	2,946,064	(79,815)	143,202	2,827,885	9,163,984
- Effect on full adoption of MFRS 139	-	-	-	(31)	-	(11,307)	(11,338)
- As restated	3,318,085	8,563	2,946,064	(79,846)	143,202	2,816,578	9,152,646
Net profit for the financial period	-	-	-	-	-	840,313	840,313
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	(14,874)	-	-	(14,874)
Financial investments 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	-	-	-	(14,874)	23,594	840,313	849,033
Ordinary dividends	-	-	-	-	-	(237,907)	(237,907)
Balance as at 30 June 2011	<b>3,318,085</b>	<b>8,563</b>	<b>2,946,064</b>	<b>(94,720)</b>	<b>166,796</b>	<b>3,418,984</b>	<b>9,763,772</b>

**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 2012**

<b>Bank</b>	←		Non-distributable		→		<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserves</b>	<b>Translation reserves</b>	<b>AFS reserves</b>	<b>Distributable Retained profits</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2012							
- As previously reported	3,318,085	8,563	3,070,142	7,214	188,957	3,049,635	9,642,596
- Effect on full adoption of MFRS 139	-	-	-	-	-	167,417	167,417
- As restated	3,318,085	8,563	3,070,142	7,214	188,957	3,217,052	9,810,013
Net profit for the financial period	-	-	-	-	-	855,529	855,529
Other comprehensive income/(loss) for the financial period:							
Currency translation differences	-	-	-	14,181	-	-	14,181
Financial investments AFS:							
- Unrealised net gain on revaluation	-	-	-	-	54,726	-	54,726
- Net transfer to income statements on disposal or impairment	-	-	-	-	(26,524)	-	(26,524)
Income tax relating to components of other comprehensive income	-	-	-	-	(7,050)	-	(7,050)
Total comprehensive income/(loss) for the financial period	-	-	-	14,181	21,152	855,529	890,862
Ordinary dividends	-	-	-	-	-	(350,000)	(350,000)
Transfer to statutory reserves	-	-	213,882	-	-	(213,882)	-
<b>Balance as at 30 June 2012</b>	<b>3,318,085</b>	<b>8,563</b>	<b>3,284,024</b>	<b>21,395</b>	<b>210,109</b>	<b>3,508,699</b>	<b>10,350,875</b>
Balance as at 1 January 2011							
- As previously reported	3,318,085	8,563	2,714,580	396	134,995	2,220,855	8,397,474
- Effect on full adoption of MFRS 139	-	-	-	-	-	32,404	32,404
- As restated	3,318,085	8,563	2,714,580	396	134,995	2,253,259	8,429,878
Net profit for the financial period	-	-	-	-	-	743,149	743,149
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	743,149	762,861
Ordinary dividends	-	-	-	-	-	(237,907)	(237,907)
Balance as at 30 June 2011	<b>3,318,085</b>	<b>8,563</b>	<b>2,714,580</b>	<b>(5,439)</b>	<b>160,542</b>	<b>2,758,501</b>	<b>8,954,832</b>

**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 2012**

	Six Months Ended	
	<u>30.06.2012</u>	Restated <u>30.06.2011</u>
	RM '000	RM '000
<b>Group</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,210,781	1,115,610
Adjustment for non-cash items	<u>(247,235)</u>	<u>(212,229)</u>
Operating profit before changes in working capital	963,546	903,381
Changes in working capital:		
Net changes in operating assets	(7,990,748)	(11,029,853)
Net changes in operating liabilities	<u>4,785,048</u>	<u>11,555,514</u>
Cash (used in)/generated from operations	(3,205,700)	525,661
Taxation paid	<u>(91,216)</u>	<u>(441,145)</u>
Net cash (used in)/generated from operating activities	<u>(2,333,370)</u>	<u>987,897</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(49,639)	(88,237)
Proceeds from disposal of property, plant and equipment	9,868	5,081
Financial investments AFS:		
- net (purchase)/sale	(1,562,395)	484,751
- interest received	116,548	177,773
- investment income received	37,262	36,399
- dividend income	3,309	4,331
Financial investments held-to-maturity:		
- net purchase	(497,402)	(2,440,776)
- interest received	235,985	181,573
- investment income received	<u>29,678</u>	<u>21,515</u>
Net cash used in investing activities	<u>(1,676,786)</u>	<u>(1,617,590)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of RM subordinated notes	749,006	-
Proceeds from issuance of USD senior debt securities	916,829	-
Repayment of long term borrowings	(49,325)	(30,335)
Dividends paid to shareholder	<u>(350,000)</u>	<u>(237,907)</u>
Net cash generated from/(used in) financing activities	<u>1,266,510</u>	<u>(268,242)</u>
Net decrease in cash and cash equivalents	(2,743,646)	(897,935)
Effects of exchange rate differences	34,206	(16,691)
Cash and cash equivalents:		
- at the beginning of the financial period	<u>18,392,186</u>	<u>12,981,081</u>
- at the end of the financial period	<u>15,682,746</u>	<u>12,066,455</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>15,682,746</u>	<u>12,066,455</u>

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**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	Six Months Ended	
	<u>30.06.2012</u>	Restated <u>30.06.2011</u>
	RM '000	RM '000
<b>Bank</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,124,007	996,575
Adjustment for non-cash items	<u>(236,362)</u>	<u>(141,389)</u>
Operating profit before changes in working capital	887,645	855,186
Changes in working capital:		
Net changes in operating assets	(5,472,837)	(8,599,560)
Net changes in operating liabilities	<u>2,444,260</u>	<u>9,241,110</u>
Cash (used in)/generated from operations	(3,028,577)	641,550
Taxation paid	<u>(89,630)</u>	<u>(420,468)</u>
Net cash (used in)/generated from operating activities	<u>(2,230,562)</u>	<u>1,076,268</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(48,475)	(85,867)
Proceeds from disposal of property, plant and equipment	9,868	5,081
Financial investments AFS:		
- net (purchase)/sale	(1,171,502)	617,461
- interest received	116,548	177,773
- dividend income	3,307	4,327
Financial investments held-to-maturity:		
- net purchase	(166,668)	(2,431,147)
- interest received	<u>235,373</u>	<u>180,972</u>
Net cash used in investing activities	<u>(1,021,549)</u>	<u>(1,531,400)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of RM subordinated notes	749,006	-
Proceeds from issuance of USD senior debt issued	916,829	-
Repayment of long term borrowings	(49,325)	(30,335)
Dividends paid to shareholder	<u>(350,000)</u>	<u>(237,907)</u>
Net cash generated from/(used in) financing activities	<u>1,266,510</u>	<u>(268,242)</u>
Net decrease in cash and cash equivalents	(1,985,601)	(723,374)
Effects of exchange rate differences	35,851	(4,411)
Cash and cash equivalents:		
- at the beginning of the financial period	12,344,141	11,093,561
- at the end of the financial period	<u>10,394,391</u>	<u>10,365,776</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and short-term funds	<u>10,394,391</u>	<u>10,365,776</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 2011.*

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

1 Basis Of Preparation

The Malaysian Accounting Standard Board ('MASB') has announced on 19 November 2011 that Malaysian reporting entities are required to comply with the new International Financial Reporting Standards ('IFRS') compliant framework, Malaysia Financial Reporting Standards ('MFRS') for financial year commencing on or after 1 January 2012.

The Group and the Bank revised its accounting policies on 1 January 2012 to enable the preparation of financial statements that comply with MFRS. This condensed financial statements is the Group's and the Bank's first financial report prepared in accordance with MFRS and MFRS 1: 'First Time Adoption of MFRS', and has been applied retrospectively as if the requirements of MFRSs have always been applied by the Group and the Bank from transition date of 1 January 2011. The Group and the Bank did not take advantage on certain mandatory exceptions and optional exceptions provided in MFRS 1 for first time adoption of MFRS.

The interim financial statements are unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 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 financial year ended 31 December 2011.

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 2011, except for the adoption of the following relevant accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2012:

MFRS 1	First-Time Adoption of MFRS
MFRS 139	Financial Instruments: Recognition and Measurement
Revised MFRS 124	Related Party Disclosures
Amendment to MFRS 112	Income Taxes
Amendment to MFRS 1	First Time Adoption on Fixed Dates and Hyperinflation
Amendment to MFRS 7	Financial Instruments: Disclosures on Transfers of Financial Assets
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

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, except for the adoption of MFRS 139.

Previously, the Group and the Bank applied the Amendment to FRS 139, which included an additional transitional arrangement for financial sectors, whereby Bank Negara Malaysia ('BNM') may prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective allowances of at least 1.5% of total outstanding loans/financing, net of individual impairment allowances under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institution on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

Previously, when a collectively assessed loans and receivables is deemed impaired, the Group and the Bank have reversed out the interest income recognised in income statements and set off against the interest receivable in the statements of financial position.

Upon the adoption of MFRS 139, with effect from 1 January 2012, once a collectively assessed loans and receivables has been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate in the income statements.

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's and the Bank's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note 30.

**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**2 Auditors' Report**

The auditors' report for the financial year ended 31 December 2011 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 2012.

**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 2012.

**6 Changes In Debt and Equity Securities**

During the financial period, the Bank issued RM750.0 million nominal value of Subordinated Notes, being part of the RM3.0 billion in nominal value (or its equivalent in other currencies) under a MCMTN Programme on 7 May 2012 and USD300.0 million nominal value of Senior Notes, being part of the USD500.0 million in nominal value under the EMTN Programme on 11 May 2012.

Other than the above, 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 2012, a final gross dividend of 7.03 sen, less 25% income tax in respect of financial year ended 31 December 2011, amounting to RM350,000,000 was paid on 7 June 2012.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Khazanah bonds	-	53,767	-	-
Malaysian Government Securities	164,629	-	164,629	-
Malaysian Government Investment Issues	325,922	144,220	173,417	92,908
Bank Negara Malaysia Monetary Notes	572,854	808,374	424,871	501,461
Singapore Government Treasury Bills	289,042	275,519	289,042	275,519
Wakala Global Sukuk	3,592	16,495	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	35,114	5,044	20,056	-
	<b>1,391,153</b>	<b>1,303,419</b>	<b>1,072,015</b>	<b>869,888</b>

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

**At fair value**

Money market instruments:

Malaysian Government Securities	635,070	974,018	635,070	974,018
Malaysian Government Investment Issues	1,940,490	1,965,660	1,052,316	1,096,153
Cagamas bonds and Cagamas Mudharabah bonds	233,574	82,056	46,567	82,056
Khazanah bonds	55,302	-	-	-
Singapore Government Treasury Bills	423,289	73,155	423,289	73,155
Singapore Government Securities	136,616	232,275	136,616	232,275
Thailand Government bonds	95,476	85,870	95,476	85,870
Islamic accepted bills	75,685	-	-	-
1 Malaysia Sukuk	287,387	291,592	287,387	291,592
Wakala Global Sukuk	111,409	115,164	94,222	91,654

Quoted securities:

In Malaysia

Corporate loan stocks	9,196	14,178	9,196	14,178
Shares	5,010	3,759	2,518	1,526

Outside Malaysia

Shares	22	23	-	-
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Unquoted Securities:

In Malaysia

Corporate loan stocks	104,055	107,213	104,055	107,213
Shares	385,852	384,879	385,277	384,304
Private debt securities	5,191,369	3,679,907	4,334,890	2,899,816

Outside Malaysia

Private debt securities	2,500	5,336	2,500	5,336
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	<b>9,692,302</b>	<b>8,015,085</b>	<b>7,609,379</b>	<b>6,339,146</b>
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The carrying value of financial investments available-for-sale as at 30 June 2012, which were transferred from financial assets held-for-trading in 2009, for the Group and the Bank are RM165,679,000 (31.12.2011: RM222,901,000) and RM165,679,000 (31.12.2011: RM212,765,000) respectively.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

	Group		Bank	
	Unaudited As at <b>30.06.2012</b>	Audited As at 31.12.2011	Unaudited As at <b>30.06.2012</b>	Audited As at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government Securities	2,666,033	2,768,820	2,666,033	2,768,820
Cagamas bonds and Cagamas Mudharabah bonds	2,154,694	1,912,108	1,879,599	1,718,332
Khazanah bonds	64,827	63,418	56,327	55,071
Malaysian Government Investment Issues	3,827,714	2,991,758	3,025,961	2,195,778
Singapore Government Securities	126,540	123,462	126,540	123,462
Thailand Government Securities	296,416	240,210	296,416	240,210
Negotiable instruments of deposits	1,197,646	1,005,545	901,417	1,005,545
Bankers' acceptances	108,145	169,823	108,145	169,823
Sukuk (Brunei) Incorporation	52,498	53,682	52,498	53,682
Wakala Global Sukuk	221,169	203,078	221,169	203,078
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Bonds	860	860	860	860
Prasarana bonds	1,001,228	950,221	1,001,228	950,221
Private debt securities	2,336,829	3,040,347	1,951,080	2,604,345
Corporate loan stocks	56,132	56,283	56,132	56,283
<u>Outside Malaysia</u>				
Private debt securities	19,111	19,063	-	-
	<b>14,129,842</b>	13,598,678	<b>12,343,405</b>	12,145,510
Accumulated impairment losses	<b>(120,054)</b>	(123,511)	<b>(120,054)</b>	(123,511)
	<b>14,009,788</b>	13,475,167	<b>12,223,351</b>	12,021,999

The carrying value of financial investments held-to-maturity as at 30 June 2012, which was transferred from financial assets held-for-trading in 2009, for the Group is RM19,111,000 (31.12.2011: RM19,063,000). The fair value of these financial investments as at 30 June 2012 for the Group is RM20,397,000 (31.12.2011: RM20,643,000).

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**11 Loans, Advances and Financing**

**(i) By type**

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000
<b>At amortised cost</b>				
Overdrafts	5,793,796	5,713,718	5,660,477	5,593,490
Term loans/financing:				
- housing loans/financing	20,852,068	20,083,314	17,754,837	17,330,447
- syndicated term loans/financing	2,692,285	2,603,854	1,076,745	1,055,936
- hire purchase receivables	12,405,746	12,958,064	8,482,982	9,408,209
- lease receivables	106,175	116,243	-	-
- other term loans/financing	46,062,787	43,395,654	40,246,725	37,452,718
Bills receivable	1,817,702	1,645,017	1,788,161	1,603,549
Trust receipts	432,583	383,406	412,434	363,698
Claims on customers under acceptance credits	5,261,956	4,757,731	4,525,404	4,256,414
Staff loans/financing	299,852	315,049	290,642	304,926
Credit card receivables	1,831,656	1,783,094	1,740,361	1,735,189
Revolving credit	6,695,653	3,939,832	5,506,241	3,488,829
Floor stocking	1,574	1,553	1,574	1,553
	<u>104,253,833</u>	97,696,529	<u>87,486,583</u>	82,594,958
Gross loans, advances and financing				
Fair value changes arising from fair value hedge	16,271	-	6,566	-
	<u>104,270,104</u>	97,696,529	<u>87,493,149</u>	82,594,958
Allowance for impaired loans and financing:				
- individual impairment allowance	(888,351)	(812,502)	(675,936)	(666,218)
- collective impairment allowance	(1,512,291)	(1,566,152)	(1,281,759)	(1,335,081)
	<u>(2,400,642)</u>	(2,378,654)	<u>(1,957,695)</u>	(2,001,300)
Net loans, advances and financing	<u>101,869,462</u>	95,317,875	<u>85,535,454</u>	80,593,659

Included in term loans are housing loans and hire purchase receivables sold to Cagamas with recourse for the Group and the Bank are RM1,361,106,000 (31.12.2011: RM1,161,814,000) and RM1,119,521,000 (31.12.2011: RM1,161,814,000) respectively.

**(ii) By type of customer**

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000
Domestic non-bank financial institutions:				
- Others	954,779	937,008	916,449	876,634
Domestic business enterprises:				
- Small medium enterprises	12,069,016	11,539,573	11,204,218	10,565,842
- Others	28,424,134	24,290,931	23,903,462	20,867,034
Government and statutory bodies	10,993,011	11,148,102	7,679,585	7,684,750
Individuals	45,428,089	43,936,776	38,326,263	37,777,867
Other domestic entities	10,641	10,674	10,309	10,401
Foreign entities:				
- Malaysian operations	1,202,585	1,276,943	430,418	429,837
- Singapore operations	4,908,294	4,211,647	4,784,429	4,069,495
- Thailand operations	173,785	232,363	141,951	200,586
- Brunei operations	89,499	112,512	89,499	112,512
	<u>104,253,833</u>	97,696,529	<u>87,486,583</u>	82,594,958

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

**(iii) By geographical distribution**

	Group		Bank	
	Unaudited As at 30.06.2012	Restated As at 31.12.2011	Unaudited As at 30.06.2012	Restated As at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
In Malaysia	99,082,255	93,140,007	82,470,704	78,212,365
Outside Malaysia:				
- Singapore operations	4,908,294	4,211,647	4,784,429	4,069,495
- Thailand operations	173,785	232,363	141,951	200,586
- Brunei operations	89,499	112,512	89,499	112,512
	<u>104,253,833</u>	<u>97,696,529</u>	<u>87,486,583</u>	<u>82,594,958</u>

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

	Group		Bank	
	Unaudited As at 30.06.2012	Restated As at 31.12.2011	Unaudited As at 30.06.2012	Restated As at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Fixed rate:				
- Housing loans/financing	1,509,702	1,612,129	509,594	528,231
- Hire purchase receivables	12,405,746	12,958,064	8,482,982	9,408,209
- Other fixed rate loans/financing	17,813,636	16,484,251	12,303,357	12,225,485
Variable rate:				
- BLR/BFR plus	40,198,195	38,793,599	36,558,800	35,052,263
- Cost-plus	27,683,631	23,424,963	26,065,166	22,155,824
- Other variable rates	4,642,923	4,423,523	3,566,684	3,224,946
	<u>104,253,833</u>	<u>97,696,529</u>	<u>87,486,583</u>	<u>82,594,958</u>

**(v) By purpose**

	Group		Bank	
	Unaudited As at 30.06.2012	Restated As at 31.12.2011	Unaudited As at 30.06.2012	Restated As at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	8,188,401	6,940,839	8,179,791	6,932,229
Purchase of transport vehicles	11,180,409	11,742,912	7,018,788	7,954,725
Purchase of landed property:				
- Residential	21,196,897	20,602,726	18,230,747	17,814,375
- Non-residential	5,280,923	5,282,037	5,193,081	5,212,814
Purchase of property, plant and equipment other than land and building	3,151,465	3,241,052	2,385,820	2,342,611
Personal use	5,268,303	4,960,882	4,846,711	4,726,227
Credit card	1,831,656	1,783,094	1,740,361	1,735,189
Purchase of consumer durables	39,076	43,750	39,046	43,700
Construction	3,242,093	3,024,994	2,313,051	2,171,092
Working capital	23,307,142	20,662,687	20,344,456	18,254,075
Merger and acquisition	4,760,495	4,200,239	4,600,599	4,040,367
Other purposes	16,806,973	15,211,317	12,594,132	11,367,554
	<u>104,253,833</u>	<u>97,696,529</u>	<u>87,486,583</u>	<u>82,594,958</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

**(vi) By remaining contractual maturities**

	Group		Bank	
	Unaudited As at	Restated As at	Unaudited As at	Restated As at
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Maturity within one year	34,165,644	31,126,937	31,198,341	29,072,705
One year to three years	9,930,830	6,148,152	8,900,938	4,854,080
Three years to five years	8,118,155	10,384,562	6,167,779	8,367,494
Over five years	52,039,204	50,036,878	41,219,525	40,300,679
	<u>104,253,833</u>	<u>97,696,529</u>	<u>87,486,583</u>	<u>82,594,958</u>

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

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

	Group		Bank	
	Unaudited As at	Restated As at	Unaudited As at	Restated As at
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Balance as at the beginning of financial period/year				
- As previously reported	3,350,486	3,671,258	2,727,004	2,927,024
- Effect on full adoption of MFRS 139	142,845	176,364	125,304	145,862
- As restated	<u>3,493,331</u>	3,847,622	<u>2,852,308</u>	3,072,886
Classified as impaired during the financial period/year	2,141,007	3,711,481	1,929,988	3,423,180
Reclassified as non-impaired during the financial period/year	(1,470,263)	(2,856,750)	(1,320,718)	(2,615,177)
Amount recovered	(423,646)	(609,011)	(338,197)	(486,693)
Amount written off	(283,278)	(604,812)	(275,560)	(543,725)
Exchange difference	1,903	4,801	1,729	1,837
Balance as at the end of financial period/year	<u>3,459,054</u>	<u>3,493,331</u>	<u>2,849,550</u>	<u>2,852,308</u>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

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

**(b) By purpose**

	Group		Bank	
	Unaudited As at 30.06.2012	Restated As at 31.12.2011	Unaudited As at 30.06.2012	Restated As at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	51,334	90,883	51,334	90,883
Purchase of transport vehicles	277,490	267,936	147,528	169,405
Purchase of landed property:				
- Residential	1,037,029	1,085,031	892,239	913,226
- Non-residential	154,300	211,948	138,130	198,069
Purchase of property, plant and equipment other than land and building	82,972	146,184	65,137	73,811
Personal use	138,548	125,496	134,278	120,105
Credit card	41,914	43,394	38,954	43,237
Purchase of consumer durables	2,735	2,154	2,735	2,154
Construction	244,209	244,774	242,799	243,366
Working capital	1,356,940	1,249,521	1,093,400	973,845
Other purposes	71,583	26,010	43,016	24,207
	<u>3,459,054</u>	<u>3,493,331</u>	<u>2,849,550</u>	<u>2,852,308</u>

**(c) By geographical distribution**

	Group		Bank	
	Unaudited As at 30.06.2012	Restated As at 31.12.2011	Unaudited As at 30.06.2012	Restated As at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
In Malaysia	3,360,131	3,396,765	2,750,627	2,755,742
Outside Malaysia:				
- Singapore operations	68,139	66,581	68,139	66,581
- Thailand operations	22,489	22,440	22,489	22,440
- Brunei operations	8,295	7,545	8,295	7,545
	<u>3,459,054</u>	<u>3,493,331</u>	<u>2,849,550</u>	<u>2,852,308</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (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 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Restated As at 31.12.2011 RM'000
<b>Individual impairment allowance</b>				
Balance as at the beginning of financial period/year	812,502	854,899	666,218	682,522
Net allowance made during the period/year	104,336	110,414	35,527	93,774
Reclassification from collective impairment	21,219	1,786	24,078	1,786
Amount written off	(50,037)	(155,552)	(50,037)	(112,611)
Transfer to impairment of investment securities	(643)	-	(643)	-
Exchange difference	974	955	793	747
Balance as at the end of financial period/year	<u>888,351</u>	<u>812,502</u>	<u>675,936</u>	<u>666,218</u>
<b>Collective impairment allowance</b>				
Balance as at the beginning of financial period/year				
- As previously reported	1,657,809	1,625,609	1,433,823	1,437,137
- Effect on full adoption of MFRS 139	(91,657)	191,580	(98,742)	101,995
- As restated	<u>1,566,152</u>	<u>1,817,189</u>	<u>1,335,081</u>	<u>1,539,132</u>
Net allowance made during the period/year	110,531	143,615	108,825	168,771
Reclassification to individual impairment	(21,219)	(1,786)	(24,078)	(1,786)
Amount written off	(143,638)	(394,391)	(138,570)	(371,857)
Exchange difference	465	1,525	501	821
Balance as at the end of financial period/year	<u>1,512,291</u>	<u>1,566,152</u>	<u>1,281,759</u>	<u>1,335,081</u>

**12 Other Assets**

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000
Other debtors, deposits and prepayments	312,890	280,329	255,151	192,477
Amount due from holding company	4,108	1,388	4,108	1,388
Amounts due from subsidiaries	-	-	585,093	457,977
Amounts due from related companies	18,005	24,829	18,005	24,829
	<u>335,003</u>	<u>306,546</u>	<u>862,357</u>	<u>676,671</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**13 Deposits from Customers**

**(i) By type of deposits**

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000
Demand deposits	21,975,657	21,479,954	19,808,266	19,401,161
Savings deposits	6,762,192	6,359,910	6,005,445	5,709,098
Fixed/investment deposits	87,688,939	85,679,994	69,178,779	69,120,500
Negotiable instruments of deposits	260,021	118,422	111,143	118,422
	<b>116,686,809</b>	<b>113,638,280</b>	<b>95,103,633</b>	<b>94,349,181</b>

**(ii) By type of customer**

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000
Government and statutory bodies	13,439,711	12,519,295	7,265,829	7,186,405
Business enterprises	64,485,798	63,865,696	53,392,066	54,551,114
Individuals	32,914,536	31,171,620	31,532,666	29,969,544
Others	5,846,764	6,081,669	2,913,072	2,642,118
	<b>116,686,809</b>	<b>113,638,280</b>	<b>95,103,633</b>	<b>94,349,181</b>

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

	Group		Bank	
	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000	Unaudited As at 30.06.2012 RM'000	Audited As at 31.12.2011 RM'000
Due within six months	75,159,386	69,525,484	57,858,263	54,376,550
Six months to one year	12,280,355	14,788,582	10,974,695	13,415,298
One year to three years	470,982	1,440,291	428,949	1,406,776
Three years to five years	37,851	44,059	28,015	40,298
Over five years	386	-	-	-
	<b>87,948,960</b>	<b>85,798,416</b>	<b>69,289,922</b>	<b>69,238,922</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

	Group		Bank	
	Unaudited As at <b>30.06.2012</b> RM'000	Audited As at 31.12.2011 RM'000	Unaudited As at <b>30.06.2012</b> RM'000	Audited As at 31.12.2011 RM'000
Licensed banks/Islamic banks	7,751,661	6,146,928	6,042,671	4,095,271
Licensed investments banks	601,054	524,317	500,967	424,282
Bank Negara Malaysia	1,026,071	1,273,359	1,025,192	1,238,096
Others	120,815	52,017	574	52,017
	<b>9,499,601</b>	<b>7,996,621</b>	<b>7,569,404</b>	<b>5,809,666</b>

**15 Other Liabilities**

	Group		Bank	
	Unaudited As at <b>30.06.2012</b> RM'000	Restated As at 31.12.2011 RM'000	Unaudited As at <b>30.06.2012</b> RM'000	Restated As at 31.12.2011 RM'000
Amount due to holding company	99	99	-	-
Amounts due to subsidiaries	-	-	25,940	21,342
Amounts due to related companies	5,730	2,534	5,381	2,262
Amount due to Danaharta	1,825	1,804	1,825	1,804
Prepaid instalments	80,119	79,773	80,119	79,773
Lessee deposits	53,675	54,466	-	-
Short term employee benefits	86,991	139,356	80,610	128,924
Other creditors and accruals	706,647	715,175	621,314	691,671
	<b>935,086</b>	<b>993,207</b>	<b>815,189</b>	<b>925,776</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**16 Interest Income**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current</b>	Restated	<b>Current</b>	Restated
	<b>Financial</b>	Preceding	<b>Financial</b>	Preceding
	<b>Quarter Ended</b>	Corresponding	<b>Half Year Ended</b>	Corresponding
	<b>30.06.2012</b>	Quarter Ended	<b>30.06.2012</b>	Half Year Ended
	<b>RM'000</b>	30.06.2011	<b>RM'000</b>	30.06.2011
		RM'000		RM'000
Loans, advances and financing	<b>1,180,327</b>	1,098,861	<b>2,331,539</b>	2,130,642
Money at call and deposit placements with banks and other financial institutions	<b>106,051</b>	62,054	<b>202,161</b>	126,087
Securities purchased under resale agreement	<b>73</b>	539	<b>132</b>	629
Financial assets held-for-trading	<b>2,868</b>	2,505	<b>7,090</b>	3,933
Financial investments available-for-sale	<b>57,160</b>	73,820	<b>109,232</b>	143,056
Financial investments held-to-maturity	<b>120,858</b>	111,659	<b>242,527</b>	212,441
Others	<b>137</b>	976	<b>361</b>	2,041
	<b>1,467,474</b>	1,350,414	<b>2,893,042</b>	2,618,829
Of which:				
Interest income accrued on impaired financial assets	<b>38,756</b>	25,784	<b>80,719</b>	75,834
<b>Bank</b>				
Loans, advances and financing	<b>1,165,960</b>	1,086,773	<b>2,302,761</b>	2,106,281
Money at call and deposit placements with banks and other financial institutions	<b>111,812</b>	64,634	<b>215,265</b>	130,748
Securities purchased under resale agreement	<b>73</b>	539	<b>132</b>	629
Financial assets held-for-trading	<b>2,868</b>	2,505	<b>7,090</b>	3,933
Financial investments available-for-sale	<b>57,160</b>	73,820	<b>109,232</b>	143,056
Financial investments held-to-maturity	<b>120,087</b>	110,920	<b>241,120</b>	200,742
Others	<b>137</b>	976	<b>361</b>	2,041
	<b>1,458,097</b>	1,340,167	<b>2,875,961</b>	2,587,430
Of which:				
Interest income accrued on impaired financial assets	<b>38,756</b>	25,784	<b>80,719</b>	75,834

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**17 Interest Expense**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30.06.2012</b>	<b>Preceding Corresponding Quarter Ended 30.06.2011</b>	<b>Current Financial Half Year Ended 30.06.2012</b>	<b>Preceding Corresponding Half Year Ended 30.06.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>33,345</b>	28,588	<b>61,696</b>	47,508
Deposits from customers	<b>582,839</b>	500,752	<b>1,158,811</b>	953,457
Subordinated obligations	<b>46,419</b>	38,719	<b>87,787</b>	77,012
Recourse obligation on loans sold to Cagamas	<b>12,176</b>	7,986	<b>28,109</b>	16,284
Hybrid Tier-I Capital Securities	<b>11,317</b>	11,311	<b>22,632</b>	22,497
Senior Debt Securities	<b>4,503</b>	-	<b>4,503</b>	-
Borrowings	<b>2,212</b>	1,914	<b>4,216</b>	3,860
Others	<b>12,138</b>	13,766	<b>23,419</b>	26,152
	<b>704,949</b>	603,036	<b>1,391,173</b>	1,146,770
<b><u>Bank</u></b>				
Deposits and placements of banks and other financial institutions	<b>33,307</b>	28,611	<b>61,760</b>	47,563
Deposits from customers	<b>580,146</b>	497,590	<b>1,152,801</b>	946,847
Subordinated obligations	<b>46,419</b>	38,719	<b>87,787</b>	77,012
Recourse obligation on loans sold to Cagamas	<b>12,176</b>	7,986	<b>28,109</b>	16,284
Hybrid Tier-I Capital Securities	<b>11,317</b>	11,311	<b>22,632</b>	22,497
Senior Debt Securities	<b>4,503</b>	-	<b>4,503</b>	-
Borrowings	<b>2,212</b>	1,914	<b>4,216</b>	3,860
Others	<b>12,138</b>	13,766	<b>23,419</b>	26,152
	<b>702,218</b>	599,897	<b>1,385,227</b>	1,140,215

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**18 Other Operating Income**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current Financial Quarter Ended 30.06.2012</u>	<u>Preceding Corresponding Quarter Ended 30.06.2011</u>	<u>Current Financial Half Year Ended 30.06.2012</u>	<u>Preceding Corresponding Half Year Ended 30.06.2011</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
a) Fee Income:				
Commission	30,868	29,706	62,071	58,522
Service charges and fees	90,417	43,886	134,211	94,915
Guarantee fees	11,161	10,206	19,646	18,139
Commitment fees	11,436	11,563	23,257	24,300
Underwriting fees	714	16	922	69
Other fees	4,085	4,297	8,195	8,426
	<u>148,681</u>	<u>99,674</u>	<u>248,302</u>	<u>204,371</u>
b) Net gain arising from financial assets held-for-trading	10,092	10,915	34,022	16,217
c) Net gain/(loss) on revaluation of derivatives	6,702	(1,973)	24,075	937
d) Net gain on fair value hedges	439	-	439	-
e) Net gain arising from financial investments available-for-sale				
- net gain/(loss) on disposal	7,032	(1,391)	26,524	3,167
- gross dividends income	3,327	4,349	3,327	4,349
	<u>10,359</u>	<u>2,958</u>	<u>29,851</u>	<u>7,516</u>
f) Net gain arising from financial investment held-to-maturity				
- net gain on redemption	70	-	70	-
g) Other income:				
Net foreign exchange gain/(loss)				
- realised	11,585	79,424	105,094	157,130
- unrealised	51,423	13,808	26,495	(996)
Gain on disposal of property, plant and equipment	997	81	997	4,780
Other operating income	15,225	13,018	30,886	25,353
Other non-operating income	314	5,242	611	6,086
	<u>79,544</u>	<u>111,573</u>	<u>164,083</u>	<u>192,353</u>
	<u>255,887</u>	<u>223,147</u>	<u>500,842</u>	<u>421,394</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

<b>Bank</b>	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
	<b>Current Financial Quarter Ended 30.06.2012</b>	<b>Preceding Corresponding Quarter Ended 30.06.2011</b>	<b>Current Financial Half Year Ended 30.06.2012</b>	<b>Preceding Corresponding Half Year Ended 30.06.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
a) Fee Income:				
Commission	30,758	29,570	61,757	57,966
Service charges and fees	88,890	43,306	132,245	91,443
Guarantee fees	11,161	10,206	19,646	18,139
Commitment fees	11,436	11,563	23,257	24,300
Underwriting fees	714	16	922	69
Other fees	4,163	4,412	8,345	8,659
	<b>147,122</b>	<b>99,073</b>	<b>246,172</b>	<b>200,576</b>
b) Net gain arising from financial assets held-for-trading	10,092	10,915	34,022	16,217
c) Net gain on revaluation of derivatives	10,216	2,347	15,655	3,889
d) Net gain on fair value hedges	96	-	96	-
e) Net gain arising from financial investments available-for-sale				
- net gain/(loss) on disposal	7,032	(1,391)	26,524	3,167
- gross dividends income	3,325	4,345	3,325	4,345
	<b>10,357</b>	<b>2,954</b>	<b>29,849</b>	<b>7,512</b>
f) Net gain arising from financial investment held-to-maturity				
- net gain on redemption	70	-	70	-
g) Other income:				
Net foreign exchange gain/(loss)				
- realised	13,110	79,636	105,143	156,488
- unrealised	51,423	13,808	26,495	(996)
Gain on disposal of property, plant and equipment	997	81	997	4,780
Other operating income	14,659	12,872	29,769	25,071
Other non-operating income	238	4,752	467	5,075
	<b>80,427</b>	<b>111,149</b>	<b>162,871</b>	<b>190,418</b>
	<b>258,380</b>	<b>226,438</b>	<b>488,735</b>	<b>418,612</b>

**19 Income from Islamic Banking Business**

	<b>Individual Quarter</b>		<b>Cumulative Six Months</b>	
	<b>Current Financial Quarter Ended 30.06.2012</b>	<b>Restated Preceding Corresponding Quarter Ended 30.06.2011</b>	<b>Current Financial Half Year Ended 30.06.2012</b>	<b>Restated Preceding Corresponding Half Year Ended 30.06.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds	251,976	161,670	491,654	305,616
Income derived from investment of shareholder's funds	16,367	10,021	35,670	27,992
Transfer from/(to) Profit Equalisation Reserve	-	(10,947)	7,252	(15,388)
Total distributable income	<b>268,343</b>	<b>160,744</b>	<b>534,576</b>	<b>318,220</b>
Income attributable to depositors	<b>(155,686)</b>	<b>(77,163)</b>	<b>(311,333)</b>	<b>(145,343)</b>
Income from Islamic Banking Business	<b>112,657</b>	<b>83,581</b>	<b>223,243</b>	<b>172,877</b>
Of which:				
Financing income earned on impaired financing and advances	<b>4,596</b>	<b>4,383</b>	<b>13,645</b>	<b>10,665</b>



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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**20 Other Operating Expenses**

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30.06.2012 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30.06.2011 RM'000</b>	<b>Current Financial Half Year Ended 30.06.2012 RM'000</b>	<b>Preceding Corresponding Half Year Ended 30.06.2011 RM'000</b>
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	216,755	194,432	452,793	402,587
- Contributions to Employees Provident Fund	32,725	29,863	68,346	60,617
- Other staff related costs	20,158	22,948	42,213	41,322
	<b>269,638</b>	<b>247,243</b>	<b>563,352</b>	<b>504,526</b>
<u>Establishment costs</u>				
- Property, plant and equipment:				
- Depreciation	31,372	25,296	49,863	48,817
- Written off	-	3	-	22
- Rental of premises	27,521	14,994	51,868	29,975
- Rental of equipment	1,600	2,421	3,307	4,871
- Insurance	3,317	1,153	6,844	3,972
- Water and electricity	5,503	5,189	11,042	10,092
- Repair and maintenance	4,384	4,688	9,172	9,465
- Security & escorting expenses	12,166	9,267	23,568	18,474
- Information technology expenses	28,884	28,202	55,356	53,549
- Others	903	488	1,882	1,068
	<b>115,650</b>	<b>91,701</b>	<b>212,902</b>	<b>180,305</b>
<u>Marketing expenses</u>				
- Sales commission	8,151	5,419	16,725	8,124
- Advertisement and publicity	19,413	14,456	24,247	19,451
- Others	14,654	(239)	28,857	12,212
	<b>42,218</b>	<b>19,636</b>	<b>69,829</b>	<b>39,787</b>
<u>Administration and general expenses</u>				
- Communication expenses	22,337	22,450	45,993	45,042
- Others	21,681	28,998	44,730	31,516
	<b>44,018</b>	<b>51,448</b>	<b>90,723</b>	<b>76,558</b>
	<b>471,524</b>	<b>410,028</b>	<b>936,806</b>	<b>801,176</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30.06.2012 RM'000</b>	Preceding Corresponding Quarter Ended 30.06.2011 RM'000	<b>Current Financial Half Year Ended 30.06.2012 RM'000</b>	Preceding Corresponding Half Year Ended 30.06.2011 RM'000
<b>Bank</b>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	<b>197,593</b>	180,501	<b>417,399</b>	373,735
- Contributions to Employees Provident Fund	<b>29,752</b>	27,612	<b>62,807</b>	56,081
- Other staff related costs	<b>18,649</b>	21,147	<b>39,212</b>	37,558
	<b>245,994</b>	229,260	<b>519,418</b>	467,374
<u>Establishment costs</u>				
- Property, plant and equipment:				
- Depreciation	<b>28,230</b>	22,898	<b>46,049</b>	44,181
- Written off	-	3	-	22
- Rental of premises	<b>26,825</b>	14,692	<b>50,646</b>	29,074
- Rental of equipment	<b>1,494</b>	2,346	<b>3,130</b>	4,750
- Insurance	<b>4,180</b>	1,323	<b>7,558</b>	3,152
- Water and electricity	<b>5,005</b>	4,799	<b>10,114</b>	9,324
- Repair and maintenance	<b>4,424</b>	4,454	<b>9,168</b>	9,020
- Security & escorting expenses	<b>11,213</b>	8,908	<b>21,735</b>	17,455
- Information technology expenses	<b>24,123</b>	26,248	<b>48,871</b>	48,795
	<b>105,494</b>	85,671	<b>197,271</b>	165,773
<u>Marketing expenses</u>				
- Sales commission	<b>6,330</b>	5,235	<b>13,244</b>	7,834
- Advertisement and publicity	<b>18,750</b>	13,670	<b>23,344</b>	18,196
- Others	<b>13,728</b>	(695)	<b>27,186</b>	11,477
	<b>38,808</b>	18,210	<b>63,774</b>	37,507
<u>Administration and general expenses</u>				
- Communication expenses	<b>20,500</b>	21,205	<b>42,644</b>	42,409
- Others	<b>12,623</b>	18,264	<b>24,713</b>	12,682
	<b>33,123</b>	39,469	<b>67,357</b>	55,091
	<b>423,419</b>	372,610	<b>847,820</b>	725,745

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<b>Current Financial Quarter Ended 30.06.2012</b>	Preceding Corresponding Quarter Ended 30.06.2011	<b>Current Financial Half Year Ended 30.06.2012</b>	Preceding Corresponding Half Year Ended 30.06.2011
<b>Group</b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Individual impairment allowance	57,732	43,165	104,336	46,082
Collective impairment allowance	99,281	94,229	110,531	126,273
Impaired loans and financing recovered	(165,861)	(48,157)	(222,022)	(127,361)
Impaired loans written off	46,137	68,052	89,282	108,186
	<b>37,289</b>	157,289	<b>82,127</b>	153,180
<b>Bank</b>				
Individual impairment allowance	8,867	44,581	35,527	49,086
Collective impairment allowance	84,818	111,768	108,825	126,375
Impaired loans and financing recovered	(163,859)	(46,318)	(218,443)	(124,450)
Impaired loans written off	43,661	55,998	85,493	96,132
	<b>(26,513)</b>	166,029	<b>11,402</b>	147,143

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**22 Capital Adequacy**

With effect from 1 July 2010, 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).

	<b>RHB Bank*</b>		<b>RHB Islamic Bank</b>	
	<b>Unaudited</b> <b>30.06.2012</b> <b>RM'000</b>	<b>Audited<sup>+</sup></b> <b>31.12.2011</b> <b>RM'000</b>	<b>Unaudited</b> <b>30.06.2012</b> <b>RM'000</b>	<b>Audited<sup>+</sup></b> <b>31.12.2011</b> <b>RM'000</b>
<b>Tier I Capital</b>				
Paid-up ordinary share capital	3,318,085	3,318,085	773,424	773,424
Hybrid Tier-I Capital Securities	597,606	597,475	-	-
Share premium	8,563	8,563	-	-
Retained profits	3,797,832	3,338,769	315,493	271,298
Other reserves	3,270,925	3,042,860	315,700	280,411
	<u>10,993,011</u>	<u>10,305,752</u>	<u>1,404,617</u>	<u>1,325,133</u>
Less: Goodwill	(905,519)	(905,519)	-	-
Net deferred tax assets	(10,535)	(62,951)	(511)	(9,105)
Total Tier I capital	<u>10,076,957</u>	<u>9,337,282</u>	<u>1,404,106</u>	<u>1,316,028</u>
<b>Tier II Capital</b>				
Subordinated obligations	3,997,842	3,250,000	-	-
Collective impairment allowance <sup>^</sup>	291,277	376,254	105,365	135,113
Total Tier II capital	<u>4,289,119</u>	<u>3,626,254</u>	<u>105,365</u>	<u>135,113</u>
Less: Investment in subsidiaries	(872,656)	(872,656)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(241,530)	(178,986)	-	-
Other deduction <sup>#</sup>	(3,142)	(3,787)	(45)	(24)
Eligible Tier II capital	<u>3,171,791</u>	<u>2,570,825</u>	<u>105,320</u>	<u>135,089</u>
<b>Total capital base</b>	<u>13,248,748</u>	<u>11,908,107</u>	<u>1,509,426</u>	<u>1,451,117</u>
<b>Capital ratios</b>				
Before proposed dividends:				
Core capital ratio	12.31%	12.76%	12.26%	12.65%
Risk-weighted capital ratio	16.19%	16.27%	13.18%	13.95%
After proposed dividends:				
Core capital ratio	12.11%	12.28%	12.26%	12.65%
Risk-weighted capital ratio	<u>15.98%</u>	<u>15.79%</u>	<u>13.18%</u>	<u>13.95%</u>

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

<sup>^</sup> 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.

<sup>#</sup> 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.

<sup>+</sup> The above capital adequacy ratios has not been adjusted for the effect on full adoption of MFRS 139.

The breakdown of risk-weighted assets by various categories of risk are as follows:

	<b>RHB Bank</b>		<b>RHB Islamic Bank</b>	
	<b>Unaudited</b> <b>30.06.2012</b> <b>RM'000</b>	<b>Audited<sup>+</sup></b> <b>31.12.2011</b> <b>RM'000</b>	<b>Unaudited</b> <b>30.06.2012</b> <b>RM'000</b>	<b>Audited<sup>+</sup></b> <b>31.12.2011</b> <b>RM'000</b>
Credit risk	72,822,190	64,345,943	10,674,644	9,226,699
Market risk	1,875,014	1,884,914	124,472	565,103
Operational risk	7,136,506	6,939,645	651,718	608,028
Total risk-weighted assets	<u>81,833,710</u>	<u>73,170,502</u>	<u>11,450,834</u>	<u>10,399,830</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**22 Capital Adequacy (cont'd)**

	<b>RHB Bank Group</b>	
	<b>Unaudited</b>	<b>Audited*</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier I Capital</b>		
Paid-up ordinary share capital	3,318,085	3,318,085
Hybrid Tier-I Capital Securities	597,606	597,475
Share premium	8,563	8,563
Retained profits	4,231,315	3,736,207
Other reserves	3,552,499	3,297,296
	<u>11,708,068</u>	<u>10,957,626</u>
Less: Goodwill	(1,004,017)	(1,004,017)
Net deferred tax assets	(18,571)	(79,578)
Total Tier I capital	<u>10,685,480</u>	<u>9,874,031</u>
<b>Tier II Capital</b>		
Subordinated obligations	3,997,842	3,250,000
Collective impairment allowance <sup>^</sup>	457,119	521,185
Total Tier II capital	<u>4,454,961</u>	<u>3,771,185</u>
Less: Excess of total expected loss over total eligible provision under the IRB approach	(298,224)	(184,551)
Other deduction <sup>#</sup>	(3,187)	(3,811)
Eligible Tier II capital	<u>4,153,550</u>	<u>3,582,823</u>
<b>Total capital base</b>	<u>14,839,030</u>	<u>13,456,854</u>
<b>Capital ratios</b>		
Before proposed dividends:		
Core capital ratio	11.59%	11.89%
Risk-weighted capital ratio	16.10%	16.20%
After proposed dividends:		
Core capital ratio	11.41%	11.46%
Risk-weighted capital ratio	<u>15.91%</u>	<u>15.78%</u>

The breakdown of risk-weighted assets by various categories of risk are as follows:

	<b>RHB Bank Group</b>	
	<b>Unaudited</b>	<b>Audited*</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	82,413,971	72,979,111
Market risk	1,962,664	2,478,476
Operational risk	7,816,048	7,585,528
Total risk-weighted assets	<u>92,192,683</u>	<u>83,043,115</u>

<sup>^</sup> 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.

<sup>#</sup> 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.

<sup>+</sup> The above capital adequacy ratios has not been adjusted for the effect on full adoption of MFRS 139.

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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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**23 Commitments And Contingencies**

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

<b>Group</b>	← Unaudited 30.06.2012 →			← Audited 31.12.2011 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,655,552	1,584,632	1,215,726	1,506,861	1,436,755	1,216,657
Transaction-related contingent items	2,102,961	1,025,721	745,184	2,189,069	1,070,325	870,657
Short-term self-liquidating trade-related contingencies	1,009,213	199,028	126,583	902,010	178,398	97,424
Assets sold with recourse	235,705	235,705	179,975	-	-	-
Obligations under underwriting agreements	169,000	84,500	84,500	208,500	104,250	104,250
Irrevocable commitments to extend credit:						
- maturity more than one year	26,571,787	11,985,636	8,498,375	25,028,693	5,197,837	3,604,762
- maturity less than one year	9,267,143	5,166,262	3,481,233	10,133,756	1,962,417	1,301,101
Foreign exchange related contracts:						
- less than one year	13,388,708	492,899	234,640	13,558,443	377,570	175,414
- one year to less than five years	1,849,894	680,274	245,849	1,767,969	536,076	296,040
Interest rate related contracts:						
- less than one year	6,450,252	23,827	6,889	4,195,536	9,651	2,812
- one year to less than five years	12,147,314	349,485	128,050	13,016,528	321,650	110,735
- more than five years	1,035,936	90,223	32,907	600,000	61,198	16,760
<b>Total</b>	<b>75,883,465</b>	<b>21,918,192</b>	<b>14,979,911</b>	<b>73,107,365</b>	<b>11,256,127</b>	<b>7,796,612</b>

  

<b>Bank</b>	← Unaudited 30.06.2012 →			← Audited 31.12.2011 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,647,329	1,576,409	1,207,503	1,381,139	1,311,033	1,090,935
Transaction-related contingent items	2,017,349	982,915	715,104	2,085,264	1,018,423	830,569
Short-term self-liquidating trade-related contingencies	960,569	189,299	125,251	859,586	169,913	96,457
Irrevocable commitments to extend credit:						
- maturity more than one year	23,826,656	10,816,858	7,534,682	22,488,731	4,689,844	3,157,503
- maturity less than one year	7,667,722	4,857,099	3,179,819	8,466,652	1,628,996	965,596
Foreign exchange related contracts:						
- less than one year	12,790,820	489,482	228,025	13,398,568	375,000	174,841
- one year to less than five years	1,849,894	680,274	245,849	1,767,969	536,076	296,040
Interest rate related contracts:						
- less than one year	7,550,252	30,181	10,066	4,195,536	9,461	2,616
- one year to less than five years	13,628,261	413,509	160,062	15,635,548	408,724	154,272
- more than five years	1,035,936	90,223	32,907	600,000	61,198	16,760
<b>Total</b>	<b>72,974,788</b>	<b>20,126,249</b>	<b>13,439,268</b>	<b>70,878,993</b>	<b>10,208,668</b>	<b>6,785,589</b>

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

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of the Bank, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: 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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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

**24 Capital Commitments**

	Group		Bank	
	Unaudited As at	Audited As at	Unaudited As at	Audited As at
	<b>30.6.2012</b>	31.12.2011	<b>30.6.2012</b>	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Capital expenditure for property, plant and equipment:				
- authorised and contracted for	47,118	71,539	46,504	70,909
- authorised but not contracted for	<b>160,290</b>	128,254	<b>93,601</b>	104,396
	<b>207,408</b>	199,793	<b>140,105</b>	175,305
Proposed acquisition of Bank Mestika	<b>1,163,126</b>	1,163,126	<b>1,163,126</b>	1,163,126
	<b>1,370,534</b>	1,362,919	<b>1,303,231</b>	1,338,431

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)

25 Segmental Reporting On Revenue and Profit and Assets

**Group**

**Six months ended 30 June 2012**

	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Treasury & Money Market RM'000	Islamic Banking RM'000	Global Financing Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	354,038	993,213	347,638	289,436	191,048	127,231	(76,650)	-	2,225,954
Inter-segment revenue	(1,588)	-	-	18,023	(15,876)	1,729	408	(2,696)	-
Segment revenue	352,450	993,213	347,638	307,459	175,172	128,960	(76,242)	(2,696)	2,225,954
Overhead expenses	(70,394)	(448,953)	(197,729)	(40,028)	(80,355)	(97,411)	(4,632)	2,696	(936,806)
of which:									
Depreciation of property, plant and equipment	(2,117)	(32,431)	(7,262)	(2,033)	(3,358)	(2,565)	(97)	-	(49,863)
Allowance for impairment on loans, advances and financing	42,532	(77,945)	(6,643)	-	(47,662)	2,476	5,115	-	(82,127)
Impairment losses on other assets	8,809	9	152	(5,210)	-	-	-	-	3,760
Profit before taxation	333,397	466,324	143,418	262,221	47,155	34,025	(75,759)	-	1,210,781
Taxation									(296,763)
Net profit for the financial period									914,018

**Six months ended 30 June 2011**

	Corporate Banking RM'000	Retail Banking RM'000	Business Banking RM'000	Treasury & Money Market RM'000	Islamic Banking RM'000	Global Financing Banking RM'000	Others RM'000	Elimination RM'000	Total RM'000
External revenue	289,970	936,618	336,932	260,049	136,989	100,687	5,085	-	2,066,330
Inter-segment revenue	(1,277)	-	-	9,643	(7,803)	1,644	401	(2,608)	-
Segment revenue	288,693	936,618	336,932	269,692	129,186	102,331	5,486	(2,608)	2,066,330
Overhead expenses	(66,926)	(389,592)	(184,007)	(33,594)	(69,288)	(66,945)	6,568	2,608	(801,176)
of which:									
Depreciation of property, plant and equipment	(2,161)	(30,953)	(6,814)	(2,001)	(4,163)	(2,628)	(97)	-	(48,817)
Allowance for impairment on loans, advances and financing	(98,680)	(78,934)	15,492	-	7,601	1,341	-	-	(153,180)
Impairment losses on other assets	709	(17)	952	1,992	-	-	-	-	3,636
Profit before taxation	123,796	468,075	169,369	238,090	67,499	36,727	12,054	-	1,115,610
Taxation									(275,297)
Net profit for the financial period									840,313



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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)

25 Segmental Reporting On Revenue and Profit and Assets (cont'd)

**Group**

**As at 30 June 2012**

	Corporate 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
Segment assets	33,720,391	42,011,676	11,523,063	38,182,600	14,627,109	11,100,622	96,695	(1,885,724)	149,376,432
Deferred tax assets									7,528
Tax recoverable									28
Unallocated assets									1,150,303
Total assets									<u>150,534,291</u>

**As at 31 December 2011**

	Corporate 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
Segment assets	30,757,058	41,589,787	10,649,511	38,590,247	13,547,471	9,073,853	87,410	(2,181,570)	142,113,767
Deferred tax assets									11,298
Tax recoverable									127,265
Unallocated assets									963,801
Total assets									<u>143,216,131</u>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (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:

	<b>Group</b>		<b>Bank</b>	
	<b>Unaudited As at 30.06.2012</b>	<b>Audited As at 31.12.2011</b>	<b>Unaudited As at 30.06.2012</b>	<b>Audited As at 31.12.2011</b>
Outstanding credit exposures with connected parties (RM'000)	<b>4,365,403</b>	3,737,389	<b>4,256,431</b>	3,669,328
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>3.76%</b>	3.44%	<b>4.34%</b>	3.99%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<b>3.54%</b>	0.14%	<b>3.61%</b>	0.14%

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.

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**  
**(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 significant events subsequent to the balance sheet date that have not been reflected in the financial statements.

**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 2012.

**30 Changes in Accounting Policies**

(a) Impact on the Group's statements of financial position

**Group**

As at 1 January 2011	<b>As previously reported</b>	<b>Effect on full adoption of MFRS 139</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Loans, advances and financing	81,531,003	(15,216)	<b>81,515,787</b>
- Gross loans, advances and financing	84,011,511	176,364	<b>84,187,875</b>
- Collective impairment allowances	(1,625,609)	(191,580)	<b>(1,817,189)</b>
Deferred tax assets	260,089	4,540	<b>264,629</b>
<b>Liabilities</b>			
Other liabilities	1,002,387	662	<b>1,003,049</b>
Shareholders' fund	9,163,984	(11,338)	<b>9,152,646</b>
Translation reserves	(79,815)	(31)	<b>(79,846)</b>
Retained profits	2,827,885	(11,307)	<b>2,816,578</b>
Loans, advances and financing of which:			
- Impaired loans, advances and financing	3,671,258	176,364	<b>3,847,622</b>

**Group**

As at 31 December 2011	<b>As previously reported</b>	<b>Effect on full adoption of MFRS 139</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Loans, advances and financing	95,083,373	234,502	<b>95,317,875</b>
- Gross loans, advances and financing	97,553,684	142,845	<b>97,696,529</b>
- Collective impairment allowances	(1,657,809)	91,657	<b>(1,566,152)</b>
Deferred tax assets	14,266	(2,968)	<b>11,298</b>
<b>Liabilities</b>			
Other liabilities	992,384	823	<b>993,207</b>
Deferred tax liabilities	39	55,806	<b>55,845</b>
Shareholders' fund	10,556,328	174,905	<b>10,731,233</b>
Translation reserves	(61,408)	19	<b>(61,389)</b>
Retained profits	3,736,207	174,886	<b>3,911,093</b>
Loans, advances and financing of which:			
- Impaired loans, advances and financing	3,350,486	142,845	<b>3,493,331</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**  
**(cont'd)**

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

(a) Impact on the Bank's statements of financial position

**Bank**

As at 1 January 2011	<u>As previously reported</u> RM'000	<u>Effect on full adoption of MFRS 139</u> RM'000	<u>As restated</u> RM'000
<b>Assets</b>			
Loans, advances and financing	71,125,558	43,867	<b>71,169,425</b>
- Gross loans, advances and financing	73,245,217	145,862	<b>73,391,079</b>
- Collective impairment allowances	(1,437,137)	(101,995)	<b>(1,539,132)</b>
Deferred tax assets	220,303	(10,801)	<b>209,502</b>
<b>Liabilities</b>			
Other liabilities	868,165	662	<b>868,827</b>
Shareholders' fund	8,397,474	32,404	<b>8,429,878</b>
Retained profits	2,220,855	32,404	<b>2,253,259</b>
Loans, advances and financing of which:			
- Impaired loans, advances and financing	2,927,024	145,862	<b>3,072,886</b>

**Bank**

As at 31 December 2011	<u>As previously reported</u> RM'000	<u>Effect on full adoption of MFRS 139</u> RM'000	<u>As restated</u> RM'000
<b>Assets</b>			
Loans, advances and financing	80,369,613	224,046	<b>80,593,659</b>
- Gross loans, advances and financing	82,469,654	125,304	<b>82,594,958</b>
- Collective impairment allowances	(1,433,823)	98,742	<b>(1,335,081)</b>
<b>Liabilities</b>			
Other liabilities	924,953	823	<b>925,776</b>
Deferred tax liabilities	35	55,806	<b>55,841</b>
Shareholders' fund	9,642,596	167,417	<b>9,810,013</b>
Retained profits	3,049,635	167,417	<b>3,217,052</b>
Loans, advances and financing of which:			
- Impaired loans, advances and financing	2,727,004	125,304	<b>2,852,308</b>

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**NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012 (cont'd)**

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

(b) Impact on the Group's and the Bank's income statements/statements of comprehensive income:

<u>Group</u>	<u>As previously reported</u> RM'000	<u>Effect on full adoption of MFRS 139</u> RM'000	<u>As restated</u> RM'000
For the 6 months period ended 30 June 2011			
Interest income	2,583,484	35,345	<b>2,618,829</b>
Income from Islamic Banking business	174,159	(1,282)	<b>172,877</b>
Allowance for impairment on loans, financing and other losses	(200,436)	47,256	<b>(153,180)</b>
Profit before taxation	1,034,291	81,319	<b>1,115,610</b>
Taxation	(256,000)	(19,297)	<b>(275,297)</b>
Net profit for the financial period	778,291	62,022	<b>840,313</b>
Earnings per share (sen) - basic	11.73		<b>12.66</b>
<u>Bank</u>			
For the 6 months period ended 30 June 2011			
Interest income	2,552,085	35,345	<b>2,587,430</b>
Allowance for impairment on loans, financing and other losses	(177,027)	29,884	<b>(147,143)</b>
Profit before taxation	931,346	65,229	<b>996,575</b>
Taxation	(237,118)	(16,308)	<b>(253,426)</b>
Net profit for the financial period	694,228	48,921	<b>743,149</b>
Earnings per share (sen) - basic	10.46		<b>11.20</b>

**31 Changes in Profit for the Quarter**

The Group recorded a pre-tax profit of RM624.6 million for the current quarter, 6.6% higher as compared to the preceeding quarter ended 31 March 2012 of RM586.2 million. The higher pre-tax profit was mainly due to higher net interest income by RM23.2 million, higher other operating income by RM10.9 million, lower allowance for impairment on loans, advances and financing by RM7.5 million, higher income from Islamic Banking business by RM2.1 million and higher write-back of impairment on other assets by RM0.9 million, partly offset by higher other operating expenses by RM6.2 million.

**32 Performance Review**

For the six months ended 30 June 2012, the Group recorded a pre-tax profit of RM1,210.8 million, 8.5% higher than the previous year corresponding period ended 30 June 2011 of RM1,115.6 million. The higher pre-tax profit was mainly due to higher other operating income by RM79.5 million, lower allowance for impairment on loans, advances and financing by RM71.1 million, higher income from Islamic Banking business by RM50.3 million and higher net interest income by RM29.8 million, partly offset by higher other operating expenses by RM135.6 million.

**33 Prospects for 2012**

The Malaysian economy continued to perform although the external economic environment remains challenging. The Economic Transformation Programme is envisaged to further strengthen and support this positive outlook. The Group expects that the Malaysian economy will grow at 4% to 5% in 2012.

The Group will continue to strengthen leadership position in targeted markets and product segments, building strong customer relationship as well as leveraging on the Group's infrastructure and multiple distribution network.

The Group's key focus is to complete the proposed acquisition of PT Bank Mestika Dharma. This will enhance the Group's geographical footprint and product offerings. In the second half of the year, the Group foresees a challenging operating environment and pressure on margins apart from the demanding global economic scenario. However, the Group expects to continue the growth momentum in 2012.