

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2010

| Note | Group | | Bank | | |
|-------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------|
| | Unaudited | Audited | Unaudited | Audited | |
| | As at 31.03.2010 RM'000 | As at 31.12.2009 RM'000 | As at 31.03.2010 RM'000 | As at 31.12.2009 RM'000 | |
| ASSETS | | | | | |
| | Cash and short-term funds | 10,750,002 | 15,308,992 | 8,455,197 | 12,790,568 |
| | Securities purchased under resale agreements | 541,106 | 1,594,210 | 541,106 | 1,594,210 |
| | Deposits and placements with banks and other financial institutions | 1,588,320 | 1,713,101 | 2,084,635 | 1,937,762 |
| 8 | Financial assets held-for-trading | 984,812 | 123,681 | 677,174 | 92,749 |
| 9 | Financial investments available-for-sale | 7,436,323 | 6,565,352 | 6,144,473 | 5,367,804 |
| 10 | Financial investments held-to-maturity | 11,598,013 | 10,766,923 | 10,485,717 | 9,651,635 |
| 11 | Loans, advances and financing | 69,940,838 | 67,127,117 | 61,815,527 | 59,116,696 |
| 12 | Other assets | 431,967 | 454,096 | 442,437 | 621,862 |
| | Derivative assets | 256,748 | 203,868 | 252,704 | 198,913 |
| | Tax recoverable | 23,398 | 17,591 | - | - |
| | Deferred tax assets | 181,641 | 263,182 | 160,422 | 234,070 |
| | Statutory deposits | 268,314 | 282,865 | 190,974 | 213,525 |
| | Investments in subsidiaries | - | - | 822,982 | 822,982 |
| | Property, plant and equipment | 578,241 | 566,518 | 490,413 | 476,561 |
| | Prepaid land lease | 99,152 | 102,937 | 20,536 | 20,617 |
| | Goodwill | 1,004,017 | 1,004,017 | 905,519 | 905,519 |
| | TOTAL ASSETS | 105,682,892 | 106,094,450 | 93,489,816 | 94,045,473 |
| LIABILITIES AND EQUITY | | | | | |
| 13 | Deposits from customers | 81,341,083 | 81,867,854 | 70,967,954 | 71,589,904 |
| 14 | Deposits and placements of banks and other financial institutions | 6,782,122 | 6,353,224 | 5,708,799 | 5,466,744 |
| | Bills and acceptances payable | 3,186,442 | 3,802,522 | 3,158,784 | 3,777,294 |
| | Recourse obligation on loans sold to Cagamas Berhad | 1,055,893 | 1,168,826 | 1,055,893 | 1,168,826 |
| 15 | Other liabilities | 1,188,203 | 1,270,753 | 1,142,295 | 1,073,407 |
| | Derivative liabilities | 256,072 | 206,137 | 249,998 | 199,477 |
| | Provision for taxation | 61,533 | 37,419 | 58,089 | 34,061 |
| | Deferred tax liabilities | 6 | 6 | - | - |
| | Long term borrowings | 897,050 | 958,720 | 897,050 | 958,720 |
| | Subordinated obligations | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| | Hybrid capital securities | 597,050 | 596,996 | 597,050 | 596,996 |
| | TOTAL LIABILITIES | 97,365,454 | 98,262,457 | 85,835,912 | 86,865,429 |
| | Ordinary share capital | 3,318,085 | 3,318,085 | 3,318,085 | 3,318,085 |
| | Reserves | 4,999,353 | 4,513,908 | 4,335,819 | 3,861,959 |
| | TOTAL EQUITY | 8,317,438 | 7,831,993 | 7,653,904 | 7,180,044 |
| | TOTAL LIABILITIES AND EQUITY | 105,682,892 | 106,094,450 | 93,489,816 | 94,045,473 |
| 23 | COMMITMENTS AND CONTINGENCIES | 61,234,281 | 64,755,922 | 57,940,661 | 61,329,469 |

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010

| | Note | <u>Group</u> <u>Individual Quarter</u> | | <u>Bank</u> <u>Individual Quarter</u> | |
|--|------|---|---|---|---|
| | | <u>Current</u> <u>Financial</u> <u>Quarter Ended</u> <u>31.03.2010</u> | <u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31.03.2009</u> | <u>Current</u> <u>Financial</u> <u>Quarter Ended</u> <u>31.03.2010</u> | <u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31.03.2009</u> |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | 16 | 1,024,992 | 1,015,506 | 1,012,728 | 993,187 |
| Interest expense | 17 | <u>(373,321)</u> | <u>(432,465)</u> | <u>(371,546)</u> | <u>(420,371)</u> |
| Net interest income | | 651,671 | 583,041 | 641,182 | 572,816 |
| Other operating income | 18 | <u>174,862</u> | <u>170,841</u> | <u>169,949</u> | <u>169,463</u> |
| Income from Islamic Banking business | 19 | <u>826,533</u> <u>84,312</u> | <u>753,882</u> <u>60,421</u> | <u>811,131</u> <u>-</u> | <u>742,279</u> <u>-</u> |
| Other operating expenses | 20 | <u>910,845</u> <u>(357,944)</u> | <u>814,303</u> <u>(338,569)</u> | <u>811,131</u> <u>(317,072)</u> | <u>742,279</u> <u>(300,531)</u> |
| Operating profit before impairment | | 552,901 | 475,734 | 494,059 | 441,748 |
| Allowance for impairment on loans, advances and financing | 21 | <u>(87,355)</u> | <u>(171,550)</u> | <u>(38,245)</u> | <u>(144,154)</u> |
| Reversal of impairment on other assets | | <u>497</u> | <u>19,434</u> | <u>497</u> | <u>19,434</u> |
| Profit before taxation | | 466,043 | 323,618 | 456,311 | 317,028 |
| Taxation | | <u>(118,261)</u> | <u>(79,233)</u> | <u>(115,393)</u> | <u>(77,721)</u> |
| Net profit for the financial period | | <u><u>347,782</u></u> | <u><u>244,385</u></u> | <u><u>340,918</u></u> | <u><u>239,307</u></u> |
| Earnings per share (sen) | | | | | |
| - Basic earnings per 50 sen share | | <u><u>5.24</u></u> | <u><u>3.68</u></u> | <u><u>5.14</u></u> | <u><u>3.61</u></u> |
| - Diluted earnings per 50 sen share | | <u><u>5.24</u></u> | <u><u>3.68</u></u> | <u><u>5.14</u></u> | <u><u>3.61</u></u> |

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2010

| | Group | | Bank | |
|--|--|--|--|--|
| | Individual Quarter | | Individual Quarter | |
| | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 |
| Net profit for the financial period | 347,782 | 244,385 | 340,918 | 239,307 |
| Other comprehensive income/(loss): | | | | |
| Currency translation differences | (41,169) | 33,724 | (23,366) | 13,927 |
| Financial investments available-for-sale ('AFS') | | | | |
| - Unrealised net gain/(loss) on revaluation | 33,502 | (55,841) | 33,756 | (55,326) |
| - Net transfer to income statement on disposal or impairment | (16,035) | (15,565) | (16,035) | (6,043) |
| Income tax relating to components of other comprehensive income | (4,223) | 12,359 | (4,430) | 15,295 |
| Other comprehensive loss for the financial period | (27,925) | (25,323) | (10,075) | (32,147) |
| Total comprehensive income for the financial period | 319,857 | 219,062 | 330,843 | 207,160 |

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2010

| Group | ← Attributable to equity holders of the Bank → | | | | | | Total RM'000 |
|--|---|--------------------------------|-------------------------------------|---------------------------------------|-------------------------------|-----------------------------------|------------------------|
| | Share capital RM'000 | Share premium RM'000 | Statutory reserves RM'000 | Translation reserves RM'000 | AFS reserves RM'000 | Retained profits RM'000 | |
| Balance as at 1 January 2010 | | | | | | | |
| - As previously stated | 3,318,085 | 8,563 | 2,588,710 | (13,818) | (16,005) | 1,946,458 | 7,831,993 |
| - Effect of adoption of FRS 139 | - | - | - | (64) | 109,357 | 56,295 | 165,588 |
| - As restated | 3,318,085 | 8,563 | 2,588,710 | (13,882) | 93,352 | 2,002,753 | 7,997,581 |
| Net profit for the financial period | - | - | - | - | - | 347,782 | 347,782 |
| Other comprehensive income/(loss) for the financial period | - | - | - | (41,169) | 13,244 | - | (27,925) |
| Total comprehensive income/(loss) for the financial period | - | - | - | (41,169) | 13,244 | 347,782 | 319,857 |
| Balance as at 31 March 2010 | 3,318,085 | 8,563 | 2,588,710 | (55,051) | 106,596 | 2,350,535 | 8,317,438 |
| Balance as at 1 January 2009 | 3,318,085 | 8,563 | 2,286,753 | (17,371) | 16,219 | 1,215,865 | 6,828,114 |
| Net profit for the financial period | - | - | - | - | - | 244,385 | 244,385 |
| Other comprehensive income/(loss) for the financial period | - | - | - | 33,724 | (59,047) | - | (25,323) |
| Total comprehensive income/(loss) for the financial period | - | - | - | 33,724 | (59,047) | 244,385 | 219,062 |
| Balance as at 31 March 2009 | 3,318,085 | 8,563 | 2,286,753 | 16,353 | (42,828) | 1,460,250 | 7,047,176 |
| | | | | | | | |
| Bank | ← Non-distributable → | | | | | Distributable | Total RM'000 |
| | Share capital RM'000 | Share premium RM'000 | Statutory reserves RM'000 | Translation reserves RM'000 | AFS reserves RM'000 | Retained profits RM'000 | |
| Balance as at 1 January 2010 | | | | | | | |
| - As previously stated | 3,318,085 | 8,563 | 2,390,971 | 25,585 | (23,595) | 1,460,435 | 7,180,044 |
| - Effect of adoption of FRS 139 | - | - | - | - | 109,357 | 33,660 | 143,017 |
| - As restated | 3,318,085 | 8,563 | 2,390,971 | 25,585 | 85,762 | 1,494,095 | 7,323,061 |
| Net profit for the financial period | - | - | - | - | - | 340,918 | 340,918 |
| Other comprehensive income/(loss) for the financial period | - | - | - | (23,366) | 13,291 | - | (10,075) |
| Total comprehensive income/(loss) for the financial period | - | - | - | (23,366) | 13,291 | 340,918 | 330,843 |
| Balance as at 31 March 2010 | 3,318,085 | 8,563 | 2,390,971 | 2,219 | 99,053 | 1,835,013 | 7,653,904 |
| Balance as at 1 January 2009 | 3,318,085 | 8,563 | 2,121,042 | 15,959 | (3,484) | 805,934 | 6,266,099 |
| Net profit for the financial period | - | - | - | - | - | 239,307 | 239,307 |
| Other comprehensive income/(loss) for the financial period | - | - | - | 13,927 | (46,074) | - | (32,147) |
| Total comprehensive income/(loss) for the financial period | - | - | - | 13,927 | (46,074) | 239,307 | 207,160 |
| Balance as at 31 March 2009 | 3,318,085 | 8,563 | 2,121,042 | 29,886 | (49,558) | 1,045,241 | 6,473,259 |

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2010

| | Three Months Ended | |
|--|---------------------------|--------------------|
| | <u>31.03.2010</u> | <u>31.03.2009</u> |
| | RM '000 | RM '000 |
| <u>Group</u> | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 466,043 | 323,618 |
| Adjustment for non-cash items | 70,685 | 22 |
| Operating profit before changes in working capital | <u>536,728</u> | <u>323,640</u> |
| Changes in working capital: | | |
| Net changes in operating assets | (2,788,370) | 2,733,903 |
| Net changes in operating liabilities | <u>(639,802)</u> | <u>(1,159,026)</u> |
| Cash (used in)/generated from operations | <u>(3,428,172)</u> | <u>1,574,877</u> |
| Taxation paid | <u>(77,562)</u> | <u>(111,270)</u> |
| Net cash (used in)/generated from operating activities | <u>(2,969,006)</u> | <u>1,787,247</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (32,547) | (16,621) |
| Proceeds from disposal of property, plant and equipment | 94 | 2,499 |
| Net purchase of financial investments available-for-sale | <u>(759,552)</u> | <u>(2,155,148)</u> |
| Net purchase of financial investments held-to-maturity | <u>(881,180)</u> | <u>(469,522)</u> |
| Interest received from financial investments available-for-sale | 66,667 | 37,206 |
| Investment income received from financial investments available-for-sale | 13,189 | 6,327 |
| Interest received from financial investments held-to-maturity | 97,094 | 94,780 |
| Investment income received from financial investments held-to-maturity | 10,594 | 8,233 |
| Dividend income from financial investments available-for-sale | 448 | - |
| Net cash used in investing activities | <u>(1,485,193)</u> | <u>(2,492,246)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of Hybrid capital securities | - | 366,835 |
| Net cash generated from financing activities | <u>-</u> | <u>366,835</u> |
| Net decrease in cash and cash equivalents | <u>(4,454,199)</u> | <u>(338,164)</u> |
| Effects of exchange rate differences | <u>(104,791)</u> | <u>62,344</u> |
| Cash and cash equivalents: | | |
| - at the beginning of the financial period | <u>15,308,992</u> | <u>13,451,946</u> |
| - at the end of the financial period | <u>10,750,002</u> | <u>13,176,126</u> |
| ANALYSIS OF CASH AND CASH EQUIVALENTS: | | |
| Cash and short-term funds | <u>10,750,002</u> | <u>13,176,126</u> |

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2010

| | Three Months Ended | |
|---|---------------------------|--------------------------|
| | <u>31.03.2010</u> | <u>31.03.2009</u> |
| | RM '000 | RM '000 |
| <u>Bank</u> | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 456,311 | 317,028 |
| Adjustment for non-cash items | 24,375 | (5,632) |
| Operating profit before changes in working capital | <u>480,686</u> | <u>311,396</u> |
| Changes in working capital: | | |
| Net changes in operating assets | (2,468,527) | 2,323,222 |
| Net changes in operating liabilities | (769,944) | (656,569) |
| Cash (used in)/generated from operations | <u>(3,238,471)</u> | <u>1,666,653</u> |
| Taxation paid | (69,943) | (109,331) |
| Net cash (used in)/generated from operating activities | <u>(2,827,728)</u> | <u>1,868,718</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (31,031) | (15,699) |
| Proceeds from disposal of property, plant and equipment | 94 | 2,490 |
| Net purchase of financial investments available-for-sale | (664,298) | (2,049,626) |
| Net purchase of financial investments held-to-maturity | (885,090) | (298,467) |
| Interest received from financial investments available-for-sale | 66,667 | 37,122 |
| Interest received from financial investments held-to-maturity | 96,652 | 91,140 |
| Dividend income from financial investments available-for-sale | 448 | - |
| Net cash used in investing activities | <u>(1,416,558)</u> | <u>(2,233,040)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of Hybrid capital securities | - | 366,835 |
| Principal repayment of finance lease | - | (119) |
| Net cash generated from financing activities | <u>-</u> | <u>366,716</u> |
| Net (decrease)/increase in cash and cash equivalents | (4,244,286) | 2,394 |
| Effects of exchange rate differences | (91,085) | 42,396 |
| Cash and cash equivalents: | | |
| - at the beginning of the financial period | <u>12,790,568</u> | <u>11,963,560</u> |
| - at the end of the financial period | <u><u>8,455,197</u></u> | <u><u>12,008,350</u></u> |
| ANALYSIS OF CASH AND CASH EQUIVALENTS: | | |
| Cash and short-term funds | <u><u>8,455,197</u></u> | <u><u>12,008,350</u></u> |

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

1 Basis Of Preparation

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

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

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

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material financial effects to the Group and the Bank, other than the effects and change in accounting policies arising from the adoption of FRS 139 as disclosed in Note 28.

2 Audit Report

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

3 Seasonal Or Cyclical Factors

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

4 Exceptional Or Extraordinary Items

There were no exceptional or extraordinary items for the three months ended 31 March 2010.

5 Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the three months ended 31 March 2010.

6 Changes In Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

7 Dividends Paid

No dividend was paid by the Bank during the three months ended 31 March 2010.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

8 Financial Assets Held-For-Trading

| | Group | | Bank | |
|---|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| At fair value | | | | |
| <u>Money market instruments:</u> | | | | |
| Malaysian Government Securities | 40,373 | - | 40,373 | - |
| Malaysian Government Treasury Bills | 14,852 | - | 14,852 | - |
| Bank Negara Malaysia monetary notes | 345,936 | - | 297,254 | - |
| Malaysian Government Investment Issues | 419,185 | - | 259,437 | - |
| Bankers' acceptances & Islamic accepted notes | 66,244 | - | - | - |
| Singapore Government Treasury Bills | 65,258 | 92,749 | 65,258 | 92,749 |
| <u>Unquoted securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Private debt securities | 32,964 | 30,932 | - | - |
| | 984,812 | 123,681 | 677,174 | 92,749 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

9 Financial Investments Available-For-Sale

| | Group | | Bank | |
|--|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| At fair value | | | | |
| <u>Money market instruments:</u> | | | | |
| Malaysian Government Securities | 2,285,759 | 1,837,447 | 2,285,759 | 1,837,447 |
| Malaysian Government Investment Issues | 1,373,672 | 879,113 | 550,472 | 150,156 |
| Cagamas bonds and Cagamas Mudharabah bonds | 444,013 | 444,542 | 444,013 | 444,542 |
| Negotiable instruments of deposits | 108,267 | 109,672 | 108,267 | 109,672 |
| Singapore Government Treasury Bills | 149,129 | 134,262 | 149,129 | 134,262 |
| Singapore Government Securities | 79,041 | 83,610 | 79,041 | 83,610 |
| Khazanah bonds | 63,574 | - | 63,574 | - |
| Thailand Government Bonds | 20,198 | 20,755 | 20,198 | 20,755 |
| <u>Quoted securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Corporate loan stocks | 13,696 | 14,678 | 13,696 | 14,678 |
| Shares | 6,793 | 5,659 | 3,639 | 3,326 |
| <u>Outside Malaysia</u> | | | | |
| Shares | 12 | 11 | - | - |
| <u>Unquoted Securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Corporate loan stocks | 112,638 | 112,604 | 112,638 | 112,604 |
| Shares | 312,082 | 166,272 | 311,507 | 165,697 |
| Private debt securities | 2,416,766 | 2,680,680 | 1,951,857 | 2,215,008 |
| <u>Outside Malaysia</u> | | | | |
| Private debt securities | 50,683 | 53,318 | 50,683 | 53,318 |
| Structured notes | - | 22,729 | - | 22,729 |
| | 7,436,323 | 6,565,352 | 6,144,473 | 5,367,804 |

The carrying value of financial investments available-for-sale as at 31 March 2010, which was transferred from financial assets held-for-trading, for the Group and the Bank are RM1,386,845,000 (31.12.2009: RM1,520,236,000) and RM1,366,583,000 (31.12.2009: RM1,499,951,000) respectively.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

10 Financial Investments Held-To-Maturity

| | Group | | Bank | |
|--|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| At amortised cost | | | | |
| <u>Money market instruments:</u> | | | | |
| Malaysian Government Securities | 2,934,837 | 2,343,020 | 2,934,837 | 2,343,020 |
| Cagamas bonds and Cagamas Mudharabah bonds | 779,797 | 779,550 | 604,605 | 604,350 |
| Khazanah bonds | 50,866 | 34,935 | 50,866 | - |
| Malaysian Government Investment Issues | 1,347,655 | 1,327,616 | 760,621 | 761,045 |
| Singapore Government Securities | 116,123 | 121,748 | 116,123 | 121,748 |
| Thailand Government Securities | 244,911 | 237,187 | 244,911 | 237,187 |
| Singapore Government Treasury Bills | 23,302 | - | 23,302 | - |
| Negotiable instruments of deposits | 2,000,000 | 1,800,000 | 2,000,000 | 1,800,000 |
| Sukuk (Brunei) Incorporation | 46,604 | 41,538 | 46,604 | 41,538 |
| <u>Unquoted Securities:</u> | | | | |
| <u>In Malaysia</u> | | | | |
| Bonds | 25,013 | 25,013 | 860 | 860 |
| Prasarana bonds | 1,752,796 | 1,753,591 | 1,752,796 | 1,753,591 |
| Private debt securities | 2,266,041 | 2,291,301 | 1,959,532 | 2,025,655 |
| Corporate loan stocks | 84,073 | 60,507 | 84,073 | 60,507 |
| <u>Outside Malaysia</u> | | | | |
| Private debt securities | 19,408 | 20,364 | - | - |
| Floating rate notes | - | 28,419 | - | - |
| Structured notes | 32,797 | 33,059 | 32,797 | 33,059 |
| | 11,724,223 | 10,897,848 | 10,611,927 | 9,782,560 |
| Accumulated impairment losses | (126,210) | (130,925) | (126,210) | (130,925) |
| | 11,598,013 | 10,766,923 | 10,485,717 | 9,651,635 |

The carrying value of financial investments held-to-maturity as at 31 March 2010, which was transferred from financial assets held-for-trading for the Group and the Bank are RM27,540,000 (31.12.2009: RM28,806,000) and RM8,132,000 (31.12.2009: RM8,442,000) respectively. The fair value of these financial investments as at 31 March 2010 for the Group and the Bank are RM28,838,000 (31.12.2009: RM29,011,000) and RM8,132,000 (31.12.2009: RM8,442,000) respectively.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

11 Loans, Advances and Financing

(i) By type

| | Group | | Bank | |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At amortised cost | | | | |
| Overdrafts | 5,983,506 | 5,989,096 | 5,892,237 | 5,905,150 |
| Term loans/financing | | | | |
| - housing loans/financing | 16,026,918 | 15,510,118 | 14,015,890 | 13,635,744 |
| - syndicated term loans/financing | 2,776,168 | 2,899,403 | 1,091,632 | 1,183,871 |
| - hire purchase receivables | 11,409,900 | 11,360,314 | 10,052,762 | 10,096,440 |
| - lease receivables | 180,642 | 191,548 | - | - |
| - other term loans/financing | 24,664,892 | 21,512,808 | 22,594,805 | 19,396,822 |
| Bills receivable | 1,350,153 | 1,238,462 | 1,233,786 | 1,126,324 |
| Trust receipts | 366,643 | 381,389 | 334,900 | 348,602 |
| Claims on customers under acceptance credits | 4,681,033 | 4,909,187 | 4,142,163 | 4,421,097 |
| Staff loans/financing | 360,904 | 367,261 | 348,480 | 354,103 |
| Credit card receivables | 2,242,871 | 2,247,498 | 2,242,869 | 2,247,498 |
| Revolving credit | 4,533,104 | 4,913,737 | 3,911,173 | 4,266,950 |
| Floor stocking | 3,165 | 2,609 | 3,165 | 2,609 |
| | 74,579,899 | 71,523,430 | 65,863,862 | 62,985,210 |
| Unearned interest and income | (1,680,708) | (1,677,729) | (1,476,324) | (1,487,135) |
| Gross loans, advances and financing | 72,899,191 | 69,845,701 | 64,387,538 | 61,498,075 |
| Allowance for impaired loans and financing | | | | |
| - collective assessment allowance | (1,598,853) | - | (1,421,441) | - |
| - individual assessment allowance | (1,359,500) | - | (1,150,570) | - |
| - general allowance | - | (953,855) | - | (829,732) |
| - specific allowance | - | (1,764,729) | - | (1,551,647) |
| Net loans, advances and financing | 69,940,838 | 67,127,117 | 61,815,527 | 59,116,696 |

Included in term loans are housing loans and hire purchase receivables sold to Cagamas with recourse amounting to RM1,055,893,000 (31.12.2009: RM1,168,826,000) for the Group and the Bank.

(ii) By type of customer

| | Group | | Bank | |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Domestic non-bank financial institutions | | | | |
| - Others | 359,632 | 377,356 | 347,779 | 356,703 |
| Domestic business enterprises | | | | |
| - Small medium enterprises | 11,168,814 | 11,342,280 | 10,273,358 | 10,470,732 |
| - Others | 20,103,879 | 20,019,990 | 16,369,250 | 16,285,728 |
| Government and statutory bodies | 5,900,755 | 3,764,664 | 5,791,259 | 3,652,478 |
| Individuals | 30,780,177 | 29,493,939 | 27,853,421 | 26,805,244 |
| Other domestic entities | 57,874 | 12,609 | 57,262 | 11,933 |
| Foreign entities | 4,528,060 | 4,834,863 | 3,695,209 | 3,915,257 |
| | 72,899,191 | 69,845,701 | 64,387,538 | 61,498,075 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

11 Loans, Advances and Financing (cont'd)

(iii) By geographical distribution

| | Group | | Bank | |
|------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In Malaysia | 69,481,258 | 66,200,897 | 61,021,622 | 57,908,937 |
| Outside Malaysia | | | | |
| - Singapore operations | 2,866,511 | 3,068,090 | 2,814,516 | 3,012,448 |
| - Thailand operations | 398,858 | 414,566 | 398,836 | 414,542 |
| - Brunei operations | 152,564 | 162,148 | 152,564 | 162,148 |
| | <u>72,899,191</u> | <u>69,845,701</u> | <u>64,387,538</u> | <u>61,498,075</u> |

(iv) By interest/profit rate sensitivity

| | Group | | Bank | |
|------------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed rate | | | | |
| - Housing loans/financing | 1,461,605 | 1,501,691 | 95,695 | 84,512 |
| - Hire purchase receivables | 9,751,045 | 9,703,885 | 8,589,680 | 8,621,200 |
| - Other fixed rate loans/financing | 10,132,463 | 8,067,170 | 8,436,547 | 6,274,183 |
| Variable rate | | | | |
| - Base Lending Rate plus | 28,647,031 | 27,386,891 | 26,958,711 | 26,045,031 |
| - Cost-plus | 17,865,529 | 18,468,875 | 16,813,040 | 17,388,631 |
| - Other variable rates | 5,041,518 | 4,717,189 | 3,493,865 | 3,084,518 |
| | <u>72,899,191</u> | <u>69,845,701</u> | <u>64,387,538</u> | <u>61,498,075</u> |

(v) By Purpose

| | Group | | Bank | |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 | Unaudited As at 31.03.2010 | Audited As at 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Purchase of securities | 2,750,986 | 2,350,804 | 2,717,649 | 2,310,777 |
| Purchase of transport vehicles | 8,344,316 | 8,225,293 | 7,011,129 | 6,953,525 |
| Purchase of landed property: | | | | |
| - Residential | 16,534,990 | 15,999,626 | 14,541,859 | 14,151,162 |
| - Non-residential | 4,122,825 | 3,943,025 | 4,064,530 | 3,875,849 |
| Purchase of property, plant and equipment other than land and building | 3,549,456 | 3,757,180 | 2,471,994 | 2,592,594 |
| Personal use | 2,035,671 | 2,081,904 | 2,019,781 | 2,068,113 |
| Credit card | 2,242,871 | 2,247,498 | 2,242,869 | 2,247,498 |
| Purchase of consumer durables | 59,070 | 61,414 | 58,973 | 61,305 |
| Construction | 2,223,311 | 2,218,554 | 1,568,158 | 1,568,295 |
| Working capital | 22,085,749 | 22,489,695 | 19,412,886 | 19,696,768 |
| Other purposes | 8,949,946 | 6,470,708 | 8,277,710 | 5,972,189 |
| | <u>72,899,191</u> | <u>69,845,701</u> | <u>64,387,538</u> | <u>61,498,075</u> |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

11 Loans, Advances and Financing (cont'd)

(vi) By remaining contractual maturities

| | Group | | Bank | |
|---------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Maturity within one year | 19,084,489 | 20,765,504 | 17,239,114 | 18,636,326 |
| One year to three years | 5,312,359 | 4,831,983 | 3,987,957 | 3,689,914 |
| Three years to five years | 10,459,927 | 8,217,166 | 9,283,076 | 7,024,373 |
| Over five years | 38,042,416 | 36,031,048 | 33,877,391 | 32,147,462 |
| | <u>72,899,191</u> | <u>69,845,701</u> | <u>64,387,538</u> | <u>61,498,075</u> |

(vii) Impaired loans, advances and financing

(a) Movement in impaired loans, advances and financing

| | Group | | Bank | |
|---|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Balance as at the beginning of financial period/year | | | | |
| - As previously stated | 3,260,995 | 2,773,693 | 2,786,641 | 2,439,233 |
| - Effect of adoption of FRS 139 | 1,375,390 | - | 1,272,812 | - |
| - As restated | <u>4,636,385</u> | 2,773,693 | <u>4,059,453</u> | 2,439,233 |
| Amount vested over from RHB Investment Bank Berhad | - | 75,958 | - | 75,958 |
| Classified as impaired during the financial period/year | 1,024,937 | 3,868,086 | 803,268 | 3,395,364 |
| Reclassified as non-impaired during the financial period/year | (716,559) | (2,502,944) | (641,458) | (2,256,431) |
| Amount recovered | (108,419) | (395,205) | (97,589) | (346,827) |
| Amount written off | (130,624) | (559,943) | (129,058) | (522,607) |
| Exchange difference | (10,401) | 1,350 | (6,611) | 1,951 |
| Balance as at the end of financial period/year | <u>4,695,319</u> | <u>3,260,995</u> | <u>3,988,005</u> | <u>2,786,641</u> |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (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 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Purchase of securities | 104,651 | 4,476 | 104,651 | 4,476 |
| Purchase of transport vehicles | 241,248 | 180,867 | 161,394 | 173,430 |
| Purchase of landed property: | | | | |
| - Residential | 1,083,487 | 1,088,996 | 910,134 | 899,216 |
| - Non-residential | 310,475 | 167,975 | 288,801 | 165,285 |
| Purchase of property, plant and equipment other than land and building | 134,235 | 114,830 | 114,867 | 95,190 |
| Personal use | 95,165 | 92,830 | 89,179 | 90,620 |
| Credit card | 64,660 | 69,677 | 64,660 | 69,677 |
| Purchase of consumer durables | 3,961 | 3,745 | 3,961 | 3,745 |
| Construction | 209,025 | 105,533 | 197,007 | 93,176 |
| Working capital | 2,253,751 | 1,384,067 | 1,858,821 | 1,143,851 |
| Other purposes | 194,661 | 47,999 | 194,530 | 47,975 |
| | 4,695,319 | 3,260,995 | 3,988,005 | 2,786,641 |

(c) By geographical distribution

| | Group | | Bank | |
|------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| In Malaysia | 4,530,184 | 3,080,320 | 3,856,073 | 2,640,029 |
| Outside Malaysia | | | | |
| - Singapore operations | 133,342 | 164,374 | 100,162 | 130,335 |
| - Thailand operations | 24,226 | 8,896 | 24,203 | 8,872 |
| - Brunei operations | 7,567 | 7,405 | 7,567 | 7,405 |
| | 4,695,319 | 3,260,995 | 3,988,005 | 2,786,641 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

11 Loans, Advances and Financing (cont'd)

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

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

| | Group | | Bank | |
|--|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Collective assessment allowance | | | | |
| Balance as at the beginning of financial period/year | | | | |
| - As previously stated | - | - | - | - |
| - Effect of adoption of FRS 139 | 1,613,437 | - | 1,437,941 | - |
| - As restated | 1,613,437 | - | 1,437,941 | - |
| Allowance made | 145,774 | - | 139,881 | - |
| Amount recovered | (55,733) | - | (53,223) | - |
| Amount written off | (101,504) | - | (101,504) | - |
| Exchange difference | (3,121) | - | (1,654) | - |
| Balance as at the end of financial period/year | <u>1,598,853</u> | <u>-</u> | <u>1,421,441</u> | <u>-</u> |
| Individual assessment allowance | | | | |
| Balance as at the beginning of financial period/year | | | | |
| - As previously stated | - | - | - | - |
| - Effect of adoption of FRS 139 | 1,350,111 | - | 1,184,796 | - |
| - As restated | 1,350,111 | - | 1,184,796 | - |
| Allowance made | 80,483 | - | 9,280 | - |
| Amount recovered | (41,829) | - | (18,146) | - |
| Amount written off | (24,164) | - | (22,597) | - |
| Exchange difference | (5,101) | - | (2,763) | - |
| Balance as at the end of financial period/year | <u>1,359,500</u> | <u>-</u> | <u>1,150,570</u> | <u>-</u> |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

11 Loans, Advances and Financing (cont'd)

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

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

| | Group | | Bank | |
|---|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| General Allowance | | | | |
| Balance as at the beginning of financial period/year | | | | |
| - As previously stated | 953,855 | 1,098,400 | 829,732 | 956,085 |
| - Effect of adoption of FRS 139 | (953,855) | - | (829,732) | - |
| - As restated | - | 1,098,400 | - | 956,085 |
| Net allowance written back | - | (144,722) | - | (127,095) |
| Exchange difference | - | 177 | - | 742 |
| Balance as at the end of financial period/year | - | 953,855 | - | 829,732 |
| As % of gross loans, advances and financing less loans exempted from general allowance by Bank Negara Malaysia and specific allowance | - | 1.5% | - | 1.5% |
| Specific Allowance | | | | |
| Balance as at the beginning of financial period/year | | | | |
| - As previously stated | 1,764,729 | 1,413,048 | 1,551,647 | 1,279,234 |
| - Effect of adoption of FRS 139 | (1,764,729) | - | (1,551,647) | - |
| - As restated | - | 1,413,048 | - | 1,279,234 |
| Amount vested over from RHB Investment | | | | |
| Bank Berhad | - | 22,882 | - | 22,882 |
| Allowance made | - | 1,161,868 | - | 1,013,223 |
| Amount recovered | - | (268,832) | - | (237,633) |
| Amount written off | - | (563,488) | - | (526,889) |
| Exchange difference | - | (749) | - | 830 |
| Balance as at the end of financial period/year | - | 1,764,729 | - | 1,551,647 |

12 Other Assets

| | Group | | Bank | |
|---|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Other debtors, deposits and prepayments | 258,864 | 275,038 | 221,389 | 240,458 |
| Accrued interest receivable | 158,665 | 173,273 | 132,474 | 147,020 |
| Amounts due from subsidiaries | - | - | 74,136 | 228,599 |
| Amounts due from related companies | 14,438 | 5,785 | 14,438 | 5,785 |
| | 431,967 | 454,096 | 442,437 | 621,862 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

13 Deposits from Customers

(i) By type of deposits

| | Group | | Bank | |
|------------------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Demand deposits | 18,502,236 | 18,643,096 | 16,434,980 | 16,586,285 |
| Savings deposits | 5,826,105 | 5,663,371 | 5,262,564 | 5,099,883 |
| Fixed/Investment deposits | 56,698,658 | 57,244,978 | 48,961,135 | 49,592,081 |
| Negotiable instruments of deposits | 314,084 | 316,409 | 309,275 | 311,655 |
| | <u>81,341,083</u> | <u>81,867,854</u> | <u>70,967,954</u> | <u>71,589,904</u> |

(ii) By type of customer

| | Group | | Bank | |
|---------------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Government and statutory bodies | 7,126,603 | 6,421,045 | 5,753,486 | 4,659,229 |
| Business enterprises | 45,899,404 | 47,692,150 | 38,552,719 | 40,535,823 |
| Individuals | 25,354,484 | 25,372,763 | 24,424,514 | 24,454,489 |
| Others | 2,960,592 | 2,381,896 | 2,237,235 | 1,940,363 |
| | <u>81,341,083</u> | <u>81,867,854</u> | <u>70,967,954</u> | <u>71,589,904</u> |

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

| | Group | | Bank | |
|---------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Due within six months | 47,390,786 | 48,803,931 | 40,545,900 | 41,874,203 |
| Six months to one year | 9,168,537 | 8,105,949 | 8,283,523 | 7,394,931 |
| One year to three years | 431,024 | 645,883 | 420,223 | 629,956 |
| Three years to five years | 22,125 | 5,382 | 20,764 | 4,646 |
| Over five years | 270 | 242 | - | - |
| | <u>57,012,742</u> | <u>57,561,387</u> | <u>49,270,410</u> | <u>49,903,736</u> |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

14 Deposits and Placements of Banks and Other Financial Institutions

| | Group | | Bank | |
|------------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Licensed banks/Islamic banks | 5,490,696 | 5,214,833 | 4,652,073 | 4,676,253 |
| Licensed investment banks | 596,000 | 100,000 | 361,300 | 100,000 |
| Bank Negara Malaysia | 694,941 | 690,006 | 694,941 | 690,006 |
| Other financial institutions | 485 | 348,385 | 485 | 485 |
| | <u>6,782,122</u> | <u>6,353,224</u> | <u>5,708,799</u> | <u>5,466,744</u> |

15 Other Liabilities

| | Group | | Bank | |
|----------------------------------|--|--|--|--|
| | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 | Unaudited As at 31.03.2010 RM'000 | Audited As at 31.12.2009 RM'000 |
| Accrued interest payable | 314,505 | 289,333 | 287,815 | 258,194 |
| Amount due to holding company | 363 | 1,882 | 193 | 1,716 |
| Amounts due to subsidiaries | - | - | 113,621 | 16,886 |
| Amounts due to related companies | 4,409 | 4,658 | 4,231 | 4,471 |
| Amount due to Danaharta | 1,762 | 1,824 | 1,762 | 1,824 |
| Prepaid instalment | 75,317 | 76,602 | 75,317 | 76,602 |
| Lessee deposits | 72,450 | 73,941 | - | - |
| Short term employee benefits | 58,070 | 147,867 | 54,397 | 139,762 |
| Other creditors and accruals | 661,327 | 674,646 | 604,959 | 573,952 |
| | <u>1,188,203</u> | <u>1,270,753</u> | <u>1,142,295</u> | <u>1,073,407</u> |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

16 Interest Income

| | <u>Group</u> <u>Individual Quarter</u> | | <u>Bank</u> <u>Individual Quarter</u> | |
|--|--|--|--|--|
| | <u>Current</u> <u>Financial</u> <u>Quarter Ended</u> <u>31.03.2010</u> <u>RM'000</u> | <u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31.03.2009</u> <u>RM'000</u> | <u>Current</u> <u>Financial</u> <u>Quarter Ended</u> <u>31.03.2010</u> <u>RM'000</u> | <u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31.03.2009</u> <u>RM'000</u> |
| | Loans, advances and financing | 816,293 | 785,456 | 802,218 |
| Money at call and deposit placements with banks and other financial institutions | 62,774 | 89,638 | 65,033 | 92,846 |
| Securities purchased under resale agreements | 5,454 | 231 | 5,454 | 231 |
| Financial assets held-for-trading | 870 | 14,931 | 870 | 14,931 |
| Financial investments available-for-sale | 50,435 | 39,803 | 50,435 | 39,719 |
| Financial investments held-to-maturity | 87,427 | 83,840 | 86,979 | 81,506 |
| Others | 1,739 | 1,607 | 1,739 | 1,722 |
| | <u>1,024,992</u> | <u>1,015,506</u> | <u>1,012,728</u> | <u>993,187</u> |
| Of which: | | | | |
| Interest income earned on impaired loans, advances and financing | <u>9,371</u> | <u>-</u> | <u>9,371</u> | <u>-</u> |

17 Interest Expense

| | <u>Group</u> <u>Individual Quarter</u> | | <u>Bank</u> <u>Individual Quarter</u> | |
|--|--|--|--|--|
| | <u>Current</u> <u>Financial</u> <u>Quarter Ended</u> <u>31.03.2010</u> <u>RM'000</u> | <u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31.03.2009</u> <u>RM'000</u> | <u>Current</u> <u>Financial</u> <u>Quarter Ended</u> <u>31.03.2010</u> <u>RM'000</u> | <u>Preceding</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31.03.2009</u> <u>RM'000</u> |
| | Deposits and placements of banks and other financial institutions | 17,512 | 20,825 | 18,495 |
| Deposits from customers | 290,703 | 356,960 | 287,945 | 346,297 |
| Borrowings | 2,628 | 5,894 | 2,628 | 5,894 |
| Subordinated obligations | 25,521 | 25,521 | 25,521 | 25,521 |
| Recourse obligation on loans sold to Cagamas | 14,181 | 13,498 | 14,181 | 13,498 |
| Hybrid capital securities | 11,181 | 82 | 11,181 | 82 |
| Others | 11,595 | 9,685 | 11,595 | 8,860 |
| | <u>373,321</u> | <u>432,465</u> | <u>371,546</u> | <u>420,371</u> |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

18 Other Operating Income

| | Group | | Bank | |
|---|---|---|---|---|
| | Individual Quarter | | Individual Quarter | |
| | Current Financial Quarter Ended 31.03.2010 | Preceding Corresponding Quarter Ended 31.03.2009 | Current Financial Quarter Ended 31.03.2010 | Preceding Corresponding Quarter Ended 31.03.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Fee Income: | | | | |
| Commission | 28,329 | 30,484 | 27,152 | 29,366 |
| Service charges and fees | 40,460 | 35,812 | 38,339 | 33,504 |
| Guarantee fees | 7,967 | 7,322 | 7,967 | 7,322 |
| Commitment fees | 12,488 | 11,347 | 12,488 | 11,347 |
| Underwriting fees | 326 | - | 326 | - |
| Other fees | 3,099 | 2,184 | 3,220 | 2,305 |
| | 92,669 | 87,149 | 89,492 | 83,844 |
| b) Net gain arising on financial assets held-for-trading | | | | |
| - net gain on disposal | 1,490 | 21,874 | 1,490 | 21,874 |
| - unrealised revaluation gain | 2,665 | 3,222 | 2,665 | 3,222 |
| | 4,155 | 25,096 | 4,155 | 25,096 |
| c) Unrealised gain on revaluation of derivatives | 764 | 16,258 | 1,082 | 17,160 |
| | 764 | 16,258 | 1,082 | 17,160 |
| d) Net gain arising on financial investments available-for-sale | | | | |
| - net gain on disposal | 16,035 | 302 | 16,035 | 302 |
| - gross dividend income | 448 | - | 448 | - |
| | 16,483 | 302 | 16,483 | 302 |
| e) Other income: | | | | |
| Foreign exchange gain/(loss) | | | | |
| - Realised | 46,082 | (35,863) | 44,648 | (34,044) |
| - Unrealised | 2,188 | 64,061 | 2,188 | 64,061 |
| Gain on disposal of property, plant and equipment | 87 | 1,311 | 87 | 1,311 |
| Rental income | 642 | 744 | 200 | 163 |
| Credit card related income | 10,946 | 11,034 | 10,946 | 11,034 |
| Others | 846 | 749 | 668 | 536 |
| | 60,791 | 42,036 | 58,737 | 43,061 |
| | 174,862 | 170,841 | 169,949 | 169,463 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

19 Income from Islamic Banking Business

| | Group | |
|---|--|--|
| | Individual Quarter | |
| | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 |
| Income derived from investment of depositors' funds | 107,686 | 104,113 |
| Income derived from investment of shareholders' funds | 14,047 | 15,015 |
| Transfer to Profit Equalisation Reserve | 4,326 | (16,915) |
| Total distributable income | 126,059 | 102,213 |
| | | |
| Income attributable to depositors | (41,747) | (41,792) |
| | | |
| Income from Islamic Banking Business | 84,312 | 60,421 |

20 Other Operating Expenses

| | Group | | Bank | |
|---|--|--|--|--|
| | Individual Quarter | | Individual Quarter | |
| | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 |
| <u>Personnel costs</u> | | | | |
| - Salaries, allowances and bonuses | 163,749 | 157,716 | 148,135 | 143,301 |
| - Contributions to Employees Provident Fund | 24,966 | 23,343 | 22,605 | 21,236 |
| - Other staff related costs | 15,594 | 14,712 | 14,315 | 13,555 |
| | 204,309 | 195,771 | 185,055 | 178,092 |
| | | | | |
| <u>Establishment costs</u> | | | | |
| - Property, plant and equipment | | | | |
| - Depreciation | 18,497 | 16,122 | 16,161 | 15,410 |
| - Amortisation of prepaid land lease | 126 | 126 | 81 | 81 |
| - Rental of premises | 13,573 | 12,072 | 13,052 | 11,566 |
| - Rental of equipment | 2,522 | 3,375 | 2,440 | 3,298 |
| - Insurance | 10,602 | 7,112 | 9,382 | 7,025 |
| - Water and electricity | 4,666 | 4,504 | 4,309 | 4,196 |
| - Repair and maintenance | 12,384 | 10,872 | 11,762 | 9,860 |
| - Information technology expenses | 26,582 | 23,974 | 23,512 | 22,056 |
| - Others | 769 | 868 | - | 1 |
| | 89,721 | 79,025 | 80,699 | 73,493 |
| | | | | |
| <u>Marketing expenses</u> | | | | |
| - Sales commission | 797 | 6,097 | 648 | 6,057 |
| - Advertisement and publicity | 3,893 | 5,375 | 3,535 | 3,761 |
| - Dealers' handling and warranty fees | 4,614 | 2,787 | 4,122 | 2,445 |
| - Others | 15,555 | 12,945 | 13,943 | 11,722 |
| | 24,859 | 27,204 | 22,248 | 23,985 |
| | | | | |
| <u>Administration and general expenses</u> | | | | |
| - Communication expenses | 19,225 | 20,001 | 17,699 | 18,397 |
| - Others | 19,830 | 16,568 | 11,371 | 6,564 |
| | 39,055 | 36,569 | 29,070 | 24,961 |
| | 357,944 | 338,569 | 317,072 | 300,531 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

21 Allowance for Impairment on Loans, Advances and Financing

| | Group | | Bank | |
|---|--|--|--|--|
| | Individual Quarter | | Individual Quarter | |
| | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 | Current Financial Quarter Ended 31.03.2010 RM'000 | Preceding Corresponding Quarter Ended 31.03.2009 RM'000 |
| Allowance for impaired loans and financing: | | | | |
| - Individual assessment allowance | 38,654 | - | (8,866) | - |
| - Collective assessment allowance | 90,041 | - | 86,658 | - |
| - Specific allowance | - | 204,578 | - | 171,924 |
| - General allowance | - | (4,813) | - | 38 |
| Impaired loans and financing recovered | (41,340) | (28,215) | (39,547) | (27,808) |
| | 87,355 | 171,550 | 38,245 | 144,154 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

22 Capital Adequacy

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

| | RHB Bank* | | RHB Islamic Bank | |
|----------------------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|
| | Unaudited 31.03.2010 | Audited 31.12.2009 | Unaudited 31.03.2010 | Audited 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tier I Capital | | | | |
| Paid-up ordinary share capital | 3,318,085 | 3,318,085 | 523,424 | 523,424 |
| Hybrid capital securities | 597,050 | 596,996 | - | - |
| Share premium | 8,563 | 8,563 | - | - |
| Retained profits | 1,696,589 | 1,696,589 | 167,172 | 167,172 |
| Other reserves | 2,397,969 | 2,397,969 | 197,739 | 197,739 |
| | 8,018,256 | 8,018,202 | 888,335 | 888,335 |
| Less: Goodwill | (905,519) | (905,519) | - | - |
| Deferred tax assets | (234,070) | (234,070) | (17,046) | (17,046) |
| Total Tier I capital | 6,878,667 | 6,878,613 | 871,289 | 871,289 |
| Tier II Capital | | | | |
| Subordinated obligations | 2,000,000 | 2,000,000 | - | - |
| Collective assessment allowance | 1,451,419 | - | 145,566 | - |
| General allowance | - | 862,725 | - | 88,984 |
| Total Tier II capital | 3,451,419 | 2,862,725 | 145,566 | 88,984 |
| Less: Investment in subsidiaries | (622,666) | (622,666) | - | - |
| Other deduction [#] | (2,050) | (3,230) | (9,558) | (12) |
| Total capital base | 9,705,370 | 9,115,442 | 1,007,297 | 960,261 |
| Capital ratios | | | | |
| Before proposed dividends: | | | | |
| Core capital ratio | 10.63% | 10.55% | 12.67% | 12.50% |
| Risk-weighted capital ratio | 15.01% | 13.99% | 14.64% | 13.78% |
| After proposed dividends: | | | | |
| Core capital ratio | 10.49% | 10.41% | 12.67% | 12.50% |
| Risk-weighted capital ratio | 14.86% | 13.84% | 14.64% | 13.78% |

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

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

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

| | RHB Bank | | RHB Islamic Bank | |
|----------------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|
| | Unaudited 31.03.2010 | Audited 31.12.2009 | Unaudited 31.03.2010 | Audited 31.12.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Credit risk | 63,426,883 | 64,025,583 | 6,212,194 | 6,401,766 |
| Market risk | 1,229,188 | 1,118,776 | 98,180 | 9,114 |
| Indicator operational risk | - | - | 568,469 | 558,743 |
| Total risk-weighted assets | 64,656,071 | 65,144,359 | 6,878,843 | 6,969,623 |

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

23 Commitments And Contingencies

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

| Group | ←————— Unaudited —————→ | | | ←————— Audited —————→ | | |
|---|-------------------------|----------------------------------|----------------------------|-----------------------|----------------------------------|----------------------------|
| | 31.03.2010 | | | 31.12.2009 | | |
| | Principal amount | Credit equivalent amount * | Risk weighted amount | Principal amount | Credit equivalent amount * | Risk weighted amount |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Direct credit substitutes | 2,217,865 | 2,217,865 | 1,977,385 | 2,251,758 | 2,251,758 | 2,014,053 |
| Transaction-related contingent items | 2,077,027 | 1,047,456 | 776,300 | 2,197,336 | 1,098,668 | 842,297 |
| Short-term self-liquidating trade related contingencies | 1,510,449 | 306,918 | 253,085 | 1,671,689 | 334,338 | 222,581 |
| Obligations under underwriting agreements | 242,240 | 121,120 | 121,120 | 283,240 | 141,620 | 141,620 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity more than one year | 5,349,455 | 2,667,816 | 2,049,131 | 5,496,800 | 2,654,036 | 2,039,726 |
| - maturity less than one year | 28,820,303 | 402,757 | 402,757 | 29,417,909 | 310,873 | 310,873 |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 8,693,897 | 244,289 | 78,898 | 10,094,034 | 143,085 | 46,885 |
| - one year to less than five years | 693,221 | 91,445 | 31,978 | 1,419,297 | 185,127 | 63,620 |
| Interest rate related contracts: | | | | | | |
| - less than one year | 1,701,835 | 8,682 | 1,736 | 1,618,766 | 8,798 | 1,759 |
| - one year to less than five years | 7,546,284 | 264,209 | 58,051 | 7,023,858 | 319,373 | 74,014 |
| - more than five years | 819,725 | 79,558 | 20,368 | 750,352 | 74,978 | 18,838 |
| Miscellaneous | 1,561,980 | - | - | 2,530,883 | - | - |
| Total | 61,234,281 | 7,452,115 | 5,770,809 | 64,755,922 | 7,522,654 | 5,776,266 |

* 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 and risk weighted assets of the Bank are computed in accordance with Basel I.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

23 Commitments And Contingencies (cont'd)

| Bank | ← Unaudited 31.03.2010 → | | | ← Audited 31.12.2009 → | | |
|---|----------------------------|--------------------------------------|--------------------------------|----------------------------|--------------------------------------|--------------------------------|
| | Principal amount RM'000 | Credit equivalent amount * RM'000 | Risk weighted amount RM'000 | Principal amount RM'000 | Credit equivalent amount * RM'000 | Risk weighted amount RM'000 |
| Direct credit substitutes | 1,959,145 | 1,959,145 | 1,718,665 | 2,047,701 | 2,047,701 | 1,809,996 |
| Transaction-related contingent items | 1,899,371 | 949,686 | 722,896 | 2,012,509 | 1,006,255 | 770,343 |
| Short-term self-liquidating trade related contingencies | 1,457,555 | 291,511 | 237,678 | 1,567,375 | 313,475 | 201,718 |
| Obligations under underwriting agreements | 213,240 | 106,620 | 106,620 | 213,240 | 106,620 | 106,620 |
| Irrevocable commitments to extend credit: | | | | | | |
| - maturity more than one year | 4,822,345 | 2,411,173 | 1,767,819 | 4,849,471 | 2,424,736 | 1,818,450 |
| - maturity less than one year | 26,633,062 | - | - | 27,267,721 | - | - |
| Foreign exchange related contracts: | | | | | | |
| - less than one year | 8,673,603 | 240,349 | 74,963 | 10,092,687 | 142,875 | 46,679 |
| - one year to less than five years | 693,221 | 91,445 | 31,978 | 1,419,297 | 185,127 | 63,620 |
| Interest rate related contracts: | | | | | | |
| - less than one year | 1,701,835 | 8,682 | 1,736 | 1,618,766 | 8,798 | 1,759 |
| - one year to less than five years | 7,546,284 | 263,515 | 56,596 | 7,023,858 | 318,280 | 72,149 |
| - more than five years | 800,153 | 75,229 | 18,203 | 729,808 | 70,087 | 16,392 |
| Miscellaneous | 1,540,847 | - | - | 2,487,036 | - | - |
| Total | 57,940,661 | 6,397,355 | 4,737,154 | 61,329,469 | 6,623,954 | 4,907,726 |

* 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 and risk weighted assets of the Bank are computed in accordance with Basel I.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

24 Segmental Reporting On Revenue And Profit

Group

Three months ended 31 March 2010

| | Corporate & Investment Banking | Retail Banking | Treasury & Money Market | Islamic Banking | International Banking | Others | Elimination | Total |
|-------------------------------------|--------------------------------------|-------------------|-------------------------------|--------------------|--------------------------|--------------|----------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External revenue | 226,805 | 677,355 | 227,599 | 84,312 | 65,873 | 2,222 | - | 1,284,166 |
| Inter-segment revenue | 731 | - | 3,095 | 1,043 | 884 | 198 | (5,951) | - |
| Total revenue | 227,536 | 677,355 | 230,694 | 85,355 | 66,757 | 2,420 | (5,951) | 1,284,166 |
| Segment results | 145,450 | 259,250 | 152,118 | 11,589 | 16,304 | 2,016 | - | 586,727 |
| Subordinated obligations | | | | | | | | (25,521) |
| Hybrid capital securities | | | | | | | | (11,181) |
| Unallocated expenses | | | | | | | | (83,982) |
| Profit before taxation | | | | | | | | 466,043 |
| Taxation | | | | | | | | (118,261) |
| Net profit for the financial period | | | | | | | | <u>347,782</u> |

Group

Three months ended 31 March 2009

| | Corporate & Investment Banking | Retail Banking | Treasury & Money Market | Islamic Banking | International Banking | Others | Elimination | Total |
|-------------------------------------|--------------------------------------|-------------------|-------------------------------|--------------------|--------------------------|--------------|----------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External revenue | 202,817 | 669,974 | 229,027 | 60,421 | 81,071 | 3,458 | - | 1,246,768 |
| Inter-segment revenue | 2,128 | - | 4,711 | 121 | 771 | 301 | (8,032) | - |
| Total revenue | 204,945 | 669,974 | 233,738 | 60,542 | 81,842 | 3,759 | (8,032) | 1,246,768 |
| Segment results | 62,698 | 223,600 | 107,250 | 21,865 | 11,816 | 3,598 | - | 430,827 |
| Subordinated obligations | | | | | | | | (25,521) |
| Hybrid capital securities | | | | | | | | (82) |
| Unallocated expenses | | | | | | | | (81,606) |
| Profit before taxation | | | | | | | | 323,618 |
| Taxation | | | | | | | | (79,233) |
| Net profit for the financial period | | | | | | | | <u>244,385</u> |

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

25 Valuation of Property, Plant and Equipment

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

26 Events subsequent to Balance Sheet Date

There were no material events subsequent to the balance sheet date that have not been reflected in the financial statements, other than the issuance of RM1.0 billion nominal value of Subordinated Notes, being the remaining balance of the RM3.0 billion nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme, on 29 April 2010. The issuance of RM1.0 billion comprise of 5.0% 10 non-call 5 year Subordinated Notes of RM700,000,000 due on 29 April 2020; and 5.6% 15 non-call 10 year Subordinated Notes of RM300,000,000 due on 29 April 2025.

27 Changes in the Composition of the Group

There are no significant changes in the composition of the Group for the three months ended 31 March 2010.

28 Changes in Accounting Policies

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

1 Impairment of loans, advances and financing

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

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

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

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

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

(i) Individually assessed allowance

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

28 Changes in Accounting Policies (cont'd)

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

(ii) Collectively assessed allowance

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

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

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

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

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

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

2 Recognition of interest income

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

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

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

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

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

28 Changes in Accounting Policies (cont'd)

3 Recognition of embedded derivatives

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

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

4 Financial investments available-for-sale

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

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

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

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

29 Changes in Profit for the Quarter

The Group recorded a higher pre-tax profit of RM466.0 million for the current quarter, up 31% as compared to the preceding quarter ended 31 December 2009 of RM354.7 million. The higher profit was mainly due to lower other operating expenses by RM63.1 million, lower allowance for impairment on loans, advances and financing by RM32.7 million, higher other operating income by RM9.3 million and higher net interest income by RM8.1 million, partly offset by lower income from Islamic Banking business and lower reversal of other impairment losses by RM0.9 million and RM1.0 million respectively.

30 Performance Review

For the three months ended 31 March 2010, the Group recorded a pre-tax profit of RM466.0 million, 44% higher than the previous year corresponding period ended 31 March 2009 of RM323.6 million. The higher profit was mainly due to lower allowance for impairment on loans, advances and financing, higher net interest income, higher income from Islamic Banking business and higher other operating income by RM84.2 million, RM68.6 million, RM23.9 million and RM4.0 million respectively, partly offset by higher other operating expenses by RM19.4 million and lower reversal of other impairment losses by RM18.9 million.

RHB BANK BERHAD (6171-M)
Incorporated in Malaysia

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

31 Prospects for the Financial Year Ending 31 December 2010

The Malaysian economy is expected to grow by 4.5% to 5.5% in 2010, extending the positive momentum from the fourth quarter of 2009. The recent Government's objective in moving Malaysia towards a high income economy is expected to provide a fresh impetus for the country to enhance and create a sustainable long term economic growth.

The strengthening of domestic economy will bolster the Malaysian banking sector, which is expected to remain healthy with ample growth opportunity, we are optimistic of a stronger market demand for banking products and services going into the second half of 2010. We shall continue to focus on building our core businesses and to increase our market share through an expanded network, such as Easy by RHB and other partnership and joint venture.

The Group expects to achieve a satisfactory performance in 2010.