



RHB Capital Berhad 312952-H
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**ANNOUNCEMENT OF AUDITED RESULTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the audited results of the Group and Company for the financial year ended 31 December 2010 are as follows:

**INCOME STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Note	4th quarter ended		Twelve months ended	
		31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,314,658	1,057,521	4,772,001	4,173,684
Interest expense	A9	(599,503)	(423,646)	(2,098,777)	(1,760,450)
Net interest income		715,155	633,875	2,673,224	2,413,234
Other operating income	A10	279,530	248,108	1,043,307	925,598
		994,685	881,983	3,716,531	3,338,832
Income from Islamic Banking business		84,241	85,209	333,762	326,164
Net operating income		1,078,926	967,192	4,050,293	3,664,996
Other operating expenses	A11	(419,515)	(469,735)	(1,639,648)	(1,565,789)
Operating profit before allowances		659,411	497,457	2,410,645	2,099,207
Allowance for impairment on loans, financing and other losses	A12	(65,489)	(110,899)	(415,572)	(578,808)
Impairment (losses)/write back on other assets		(70,254)	(9,515)	(96,588)	17,558
		523,668	377,043	1,898,485	1,537,957
Share of results of an associate		-	11	12	43
Share of results of a joint venture		225	62	792	420
Profit before taxation		523,893	377,116	1,899,289	1,538,420
Taxation	B5	(143,121)	(39,178)	(470,744)	(329,814)
Net profit for the financial period/year		380,772	337,938	1,428,545	1,208,606
Attributable to:					
- Equity holders of the Company		380,145	336,384	1,420,258	1,201,363
- Minority interests		627	1,554	8,287	7,243
		380,772	337,938	1,428,545	1,208,606
Earnings per share					
- Basic (sen)	B14	17.7	15.6	66.0	55.8
- Diluted (sen)	B14	17.7	15.6	66.0	55.8

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period/year	380,772	337,938	1,428,545	1,208,606
Other comprehensive income/(loss):				
Currency translation differences	3,249	(9,855)	(68,600)	2,685
Financial investments available-for-sale ('AFS')				
- Unrealised net gain/(loss) on revaluation	(84,988)	(8,735)	180,131	(49,155)
- Net transfer to income statements on disposal or impairment	(15,295)	(3,909)	(84,805)	(29,020)
Gain on fair valuation of property arising from acquisition of a subsidiary	-	-	20,265	-
Income tax relating to components of other comprehensive income/(loss)	26,089	3,087	(24,771)	19,620
Other comprehensive income/(loss) for the financial period/year	(70,945)	(19,412)	22,220	(55,870)
Total comprehensive income for the financial period/year	309,827	318,526	1,450,765	1,152,736
Total comprehensive income attributable to:				
- Equity holders of the Company	309,195	316,890	1,442,423	1,145,270
- Minority interests	632	1,636	8,342	7,466
	309,827	318,526	1,450,765	1,152,736

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



**RHB CAPITAL BERHAD (312952 – H)
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Note	4th quarter ended		Twelve months ended	
		31 Dec	31 Dec	31 Dec	31 Dec
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	1,037	400	1,246	483
Interest expense	A9	(37,648)	(34,914)	(145,663)	(137,104)
Net interest expense		(36,611)	(34,514)	(144,417)	(136,621)
Other operating income	A10	13,931	86	593,674	308,591
Net operating income/(loss)		(22,680)	(34,428)	449,257	171,970
Other operating expenses	A11	(4,868)	(10,585)	(18,630)	(24,761)
Operating profit/(loss) before allowances		(27,548)	(45,013)	430,627	147,209
Impairment losses on investments in subsidiaries		(683)	-	(683)	-
Profit/(loss) before taxation		(28,231)	(45,013)	429,944	147,209
Taxation	B5	6,559	9,002	(108,508)	(41,765)
Net profit/(loss) for the financial period/year		(21,672)	(36,011)	321,436	105,444

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Net profit/(loss) for the financial period/year	<u>(21,672)</u>	<u>(36,011)</u>	<u>321,436</u>	<u>105,444</u>
Other comprehensive income/(loss) for the financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the financial period/year	<u><u>(21,672)</u></u>	<u><u>(36,011)</u></u>	<u><u>321,436</u></u>	<u><u>105,444</u></u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
Group			
ASSETS			
Cash and short term funds		14,754,516	16,675,261
Securities purchased under resale agreements		276,407	1,594,210
Deposits and placements with banks and other financial institutions		1,023,526	2,219,270
Financial assets held-for-trading	A13	772,254	860,216
Financial investments AFS	A14	13,374,857	9,092,421
Financial investments held-to-maturity	A15	10,869,550	10,980,145
Loans, advances and financing	A16	81,228,093	66,923,091
Clients' and brokers' balances		421,127	249,667
Other assets	A17	589,156	840,090
Derivative assets		310,905	221,429
Statutory deposits		459,554	310,156
Tax recoverable		129,371	92,316
Deferred tax assets		261,105	272,261
Investments in an associate		-	11,180
Investments in a joint venture		25,044	25,976
Property, plant and equipment		1,023,170	931,151
Goodwill		3,806,860	3,786,218
Total assets		<u>129,325,495</u>	<u>115,085,058</u>
LIABILITIES AND EQUITY			
Deposits from customers	A18/B9(a)	94,433,828	84,841,065
Deposits and placements of banks and other financial institutions	A19/B9(a)	10,066,157	7,416,025
Bills and acceptances payable		3,536,140	3,802,522
Clients' and brokers' balances		610,360	401,857
Other liabilities	A20	1,527,724	1,779,919
Derivative liabilities		253,704	232,354
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		818,503	1,168,826
Taxation		172,595	40,463
Deferred tax liabilities		4,514	177
Borrowings	B9(b)	4,064,323	3,829,672
Subordinated obligations	B9(c)	3,264,284	2,240,000
Hybrid Tier-1 Capital Securities	B9(d)	600,393	591,996
Total liabilities		<u>119,352,525</u>	<u>106,344,876</u>
Share capital		2,153,475	2,153,475
Reserves		7,808,682	6,554,266
		9,962,157	8,707,741
Minority interests		10,813	32,441
Total equity		<u>9,972,970</u>	<u>8,740,182</u>
Total liabilities and equity		<u>129,325,495</u>	<u>115,085,058</u>
Commitments and contingencies	A25(a)	<u>69,418,274</u>	<u>67,234,183</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>4.63</u>	<u>4.04</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

<u>Company</u>	Note	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
ASSETS			
Cash and short term funds		346,009	100,919
Deposits and placements with banks and other financial institutions		891	860
Other assets	A17	153,347	153,049
Amounts due from subsidiaries		35,787	10,603
Tax recoverable		113,009	73,717
Deferred tax assets		-	19
Investments in subsidiaries		8,691,602	8,785,389
Property, plant and equipment		757	330
Total assets		<u>9,341,402</u>	<u>9,124,886</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	4,611	61,833
Amounts due to subsidiaries		6,146	155,288
Deferred tax liabilities		25	-
Borrowings	B9(b)	3,597,762	3,133,752
Total liabilities		<u>3,608,544</u>	<u>3,350,873</u>
Share capital		2,153,475	2,153,475
Reserves		3,579,383	3,620,538
Total equity		<u>5,732,858</u>	<u>5,774,013</u>
Total liabilities and equity		<u>9,341,402</u>	<u>9,124,886</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the Company							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			Sub-total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2010										
- As previously stated	2,153,475	2,352,093	2,246,611	8,563	(35,993)	(8,190)	1,991,182	8,707,741	32,441	8,740,182
- Effect of adoption of FRS 139	-	-	-	-	118,352	(64)	56,296	174,584	-	174,584
- As restated	2,153,475	2,352,093	2,246,611	8,563	82,359	(8,254)	2,047,478	8,882,325	32,441	8,914,766
Net profit for the financial year	-	-	-	-	-	-	1,420,258	1,420,258	8,287	1,428,545
Currency translation differences	-	-	-	-	-	(68,600)	-	(68,600)	-	(68,600)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	179,676	-	-	179,676	455	180,131
- Net transfer to income statements on disposal or impairment	-	-	-	-	(84,424)	-	-	(84,424)	(381)	(84,805)
Gain on fair valuation of property arising from acquisition of a subsidiary	-	-	-	20,265	-	-	-	20,265	-	20,265
Income tax relating to components of other comprehensive income	-	-	-	(1,013)	(23,739)	-	-	(24,752)	(19)	(24,771)
Other comprehensive income/(loss) for the financial year	-	-	-	19,252	71,513	(68,600)	-	22,165	55	22,220
Total comprehensive income/(loss) for the financial year	-	-	-	19,252	71,513	(68,600)	1,420,258	1,442,423	8,342	1,450,765
Transfer in respect of statutory requirements	-	-	357,353	-	-	-	(357,353)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(362,591)	(362,591)	(770)	(363,361)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(29,200)	(29,200)
Balance as at 31 December 2010	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,854)	2,747,792	9,962,157	10,813	9,972,970

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the Company							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Other reserves	AFS reserves	Translation reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2009	2,153,475	2,352,093	1,944,654	8,563	22,785	(10,875)	1,343,732	7,814,427	26,513	7,840,940
Net profit for the financial year	-	-	-	-	-	-	1,201,363	1,201,363	7,243	1,208,606
Currency translation differences	-	-	-	-	-	2,685	-	2,685	-	2,685
Financial investments AFS										
- Unrealised net loss on revaluation	-	-	-	-	(48,743)	-	-	(48,743)	(412)	(49,155)
- Net transfer to income statements on disposal or impairment	-	-	-	-	(29,728)	-	-	(29,728)	708	(29,020)
Income tax relating to components of other comprehensive income/(loss)	-	-	-	-	19,693	-	-	19,693	(73)	19,620
Other comprehensive income/(loss) for the financial year	-	-	-	-	(58,778)	2,685	-	(56,093)	223	(55,870)
Total comprehensive income/(loss) for the financial year	-	-	-	-	(58,778)	2,685	1,201,363	1,145,270	7,466	1,152,736
Transfer in respect of statutory requirements	-	-	301,957	-	-	-	(301,957)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(251,956)	(251,956)	(1,538)	(253,494)
Balance as at 31 December 2009	<u>2,153,475</u>	<u>2,352,093</u>	<u>2,246,611</u>	<u>8,563</u>	<u>(35,993)</u>	<u>(8,190)</u>	<u>1,991,182</u>	<u>8,707,741</u>	<u>32,441</u>	<u>8,740,182</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<u>Company</u>				
Balance as at 1 January 2010	2,153,475	2,352,093	1,268,445	5,774,013
Net profit for the financial year	-	-	321,436	321,436
Ordinary dividends	-	-	(362,591)	(362,591)
Balance as at 31 December 2010	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,227,290</u>	<u>5,732,858</u>
Balance as at 1 January 2009	2,153,475	2,352,093	1,414,957	5,920,525
Net profit for the financial year	-	-	105,444	105,444
Ordinary dividends	-	-	(251,956)	(251,956)
Balance as at 31 December 2009	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,268,445</u>	<u>5,774,013</u>

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Twelve months ended	
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
Group		
Operating activities		
Profit before taxation	1,899,289	1,538,420
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(394,599)	(484)
Operating profit before working capital changes	1,504,690	1,537,936
Net changes in operating assets	(12,386,999)	(6,457,710)
Net changes in operating liabilities	11,619,308	8,866,641
Cash generated from operations	736,999	3,946,867
Taxation paid	(453,834)	(414,329)
Taxation recovered	2,230	58,586
Net cash generated from operating activities	285,395	3,591,124
Investing activities		
Purchase of property, plant and equipment	(143,111)	(122,764)
Net purchase of financial investments AFS and held-to-maturity	(3,805,604)	(2,518,286)
Interest received from financial investments AFS and held-to-maturity	729,590	667,502
Investment income received from financial investments AFS and held-to-maturity	104,438	74,146
Dividend income received from financial assets held-for-trading and financial investments AFS and held-to-maturity	10,483	8,334
Proceeds from disposal of property, plant and equipment	15,693	6,578
Acquisition of subsidiaries	(37,861)	(1,658)
Acquisition of additional interest in a subsidiary	(45,125)	-
Deposit for proposed acquisition of PT Bank Mestika Dharma ('Bank Mestika')	-	(112,515)
Capital repayment upon liquidation of a subsidiary	-	163
Net cash used in investing activities	(3,171,497)	(1,998,500)
Financing activities		
Proceeds from issuance of subordinated notes	1,005,000	-
Proceeds from issuance of Hybrid Tier-1 Capital Securities	-	591,834
Drawdown of borrowings	560,210	1,152,330
Repayment of borrowings	(235,135)	(754,825)
Payment to hire-purchase creditors	-	(146)
Dividends paid to equity holders of the Company	(362,591)	(251,956)
Dividends paid to minority interests in a subsidiary company	(770)	(1,538)
Net cash generated from financing activities	966,714	735,699
Net (decrease)/increase in cash and cash equivalents	(1,919,388)	2,328,323
Cash and cash equivalents		
- at the beginning of the financial year	16,673,904	14,345,581
- at the end of the financial year	14,754,516	16,673,904
Cash and cash equivalents comprise the following:		
Cash and short term funds	14,754,516	16,675,261
Overdrafts	-	(1,357)
	14,754,516	16,673,904

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Twelve months ended	
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
Company		
Operating activities		
Profit before taxation	429,944	147,209
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(448,416)	(171,685)
Operating loss before working capital changes	(18,472)	(24,476)
Net changes in operating assets	(34,941)	(7,671)
Net changes in operating liabilities	(1,430)	2,237
Cash used in operations	(54,843)	(29,910)
Taxation recovered	-	16,455
Net cash used in operating activities	(54,843)	(13,455)
Investing activities		
Dividend income received from subsidiaries	445,270	231,506
Purchase of property, plant and equipment	(585)	(243)
Interest income received	409	358
Capital repayment upon liquidation of a subsidiary	-	163
Acquisition of a subsidiary	-	(1,773)
Acquisition of additional interest in a subsidiary	(45,125)	-
Proceeds from disposal of property, plant and equipment	-	150
Deposit for proposed acquisition of Bank Mestika	-	(112,515)
Net cash generated from investing activities	399,969	117,646
Financing activities		
Drawdown of borrowings	620,100	1,159,930
Repayment of borrowings	(187,300)	(805,930)
Dividends paid to equity holders of the Company	(362,591)	(251,956)
Interest expense paid	(168,888)	(126,276)
Payment to hire-purchase creditors	-	(146)
Net cash used in financing activities	(98,679)	(24,378)
Net increase in cash and cash equivalents	246,447	79,813
Cash and cash equivalents		
- at the beginning of the financial year	99,562	19,749
- at the end of the financial year	346,009	99,562
Cash and cash equivalents comprise the following:		
Cash and short term funds	346,009	100,919
Overdrafts	-	(1,357)
	346,009	99,562

This Condensed Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A1. Basis of Preparation

The condensed financial statements are audited and have been prepared in compliance with Financial Reporting Standards ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2009.

The accounting policies and presentation adopted by the Group and the Company for the condensed 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 on or after 1 January 2010:

FRS 101 (Revised)	Presentation of Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures and the related amendments
FRS 8	Operating Segments
FRS 123	Borrowing Costs
Amendments to FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement and the related amendments
IC Interpretation 9	Reassessment of Embedded Derivatives and the related amendments
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Improvements to FRSs (2009)	

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material financial effects on the results and financial position of the Group and the Company, other than the effects and change in accounting policies as disclosed in Note A29.

A2. Auditors' Report

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

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the financial year ended 31 December 2010.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial year.

A6. Changes in Debt and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year under review, except for 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 by RHB Bank Berhad ('RHB Bank') on 29 April 2010.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A7. Dividends Paid

During the financial year ended 31 December 2010, the Company has paid the following dividends:

- (a) a final dividend of 17.45% less 25% income tax amounting to RM281,836,000 in respect of the financial year ended 31 December 2009 on 30 June 2010; and
- (b) an interim dividend of 5.0% less 25% income tax amounting to RM80,755,000 in respect of the financial year ended 31 December 2010 on 30 September 2010.

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing	997,823	829,634	3,648,803	3,231,556
Money at call and deposits and placements with banks and other financial institutions	62,651	72,555	297,233	288,882
Securities purchased under resale agreements	206	3,573	6,857	6,040
Financial assets held-for-trading	3,373	5,452	19,913	52,485
Financial investments AFS	107,004	74,099	365,091	320,015
Financial investments held-to-maturity	141,036	90,385	418,858	356,158
Others	2,565	6,265	15,246	23,317
	<u>1,314,658</u>	1,081,963	<u>4,772,001</u>	4,278,453
Interest suspended	-	(24,442)	-	(104,769)
	<u>1,314,658</u>	<u>1,057,521</u>	<u>4,772,001</u>	<u>4,173,684</u>
Of which:				
Interest income earned on impaired loans, advances and financing	<u>(4,312)</u>	-	<u>25,433</u>	-
<u>Company</u>				
Money at call and deposits and placements with banks and other financial institutions	64	400	273	483
Others	973	-	973	-
	<u>1,037</u>	<u>400</u>	<u>1,246</u>	<u>483</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of				
banks and other financial institutions	39,215	20,216	129,101	96,460
Deposits from customers	445,005	305,831	1,522,873	1,281,283
Borrowings	36,453	35,316	143,365	144,003
Subordinated obligations	42,429	29,316	151,476	116,310
Hybrid Tier-1 Capital Securities	11,349	8,141	44,950	23,169
Recourse obligation on loans sold				
to Cagamas	12,184	9,620	52,022	43,572
Others	12,868	15,206	54,990	55,653
	<u>599,503</u>	<u>423,646</u>	<u>2,098,777</u>	<u>1,760,450</u>
<u>Company</u>				
Borrowings	37,637	34,906	145,629	137,068
Others	11	8	34	36
	<u>37,648</u>	<u>34,914</u>	<u>145,663</u>	<u>137,104</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	50,521	40,103	166,876	149,396
- Commission	27,238	28,529	110,620	116,007
- Guarantee fees	9,530	8,725	35,572	38,821
- Commitment fees	13,203	14,146	52,896	48,930
- Brokerage	24,656	15,806	83,353	66,925
- Fund management fees	9,668	4,803	24,345	17,079
- Corporate advisory fees	4,130	6,988	16,604	13,644
- Underwriting and arrangement fees	6,333	21,149	34,481	40,835
- Unit trust fee income	791	128	1,190	1,946
- Other fee income	7,594	7,425	28,084	22,371
	<u>153,664</u>	<u>147,802</u>	<u>554,021</u>	<u>515,954</u>
Net gain arising from financial assets held-for-trading				
- net gain on revaluation	9,071	8,620	47,966	72,248
- gross dividend income	710	396	2,348	1,939
	<u>9,781</u>	<u>9,016</u>	<u>50,314</u>	<u>74,187</u>
Net gain/(loss) arising from derivatives	<u>18,601</u>	<u>(3,007)</u>	<u>39,643</u>	<u>1,643</u>
Net gain arising from financial investments AFS				
- net gain on disposal	12,394	6,986	79,159	13,861
- gross dividend income	2,692	3,237	8,450	7,286
	<u>15,086</u>	<u>10,223</u>	<u>87,609</u>	<u>21,147</u>
Net gain on redemption of financial investments held-to-maturity				
- net gain on redemption	2,264	724	3,644	7,101
- gross dividend income	-	-	45	135
	<u>2,264</u>	<u>724</u>	<u>3,689</u>	<u>7,236</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Foreign exchange gain/(loss)				
- realised	40,956	65,556	166,143	202,910
- unrealised	5,306	(15,679)	21,310	(14,936)
- Insurance underwriting surplus before management expenses	14,020	12,939	60,440	48,144
- Rental income	771	1,084	2,822	3,792
- Net gain on disposal of property, plant and equipment	5,901	250	6,841	3,085
- Gain on liquidation of subsidiaries	-	-	-	163
- Other operating income	12,448	11,440	47,064	50,186
- Other non-operating income	732	7,760	3,411	12,087
	<u>80,134</u>	<u>83,350</u>	<u>308,031</u>	<u>305,431</u>
	<u>279,530</u>	<u>248,108</u>	<u>1,043,307</u>	<u>925,598</u>
Company				
Gross dividend income from:				
- Subsidiaries	14,000	-	593,026	308,674
Other income				
- Foreign exchange gain/(loss)				
- unrealised	(69)	86	648	(395)
- Net gain on disposal of property, plant and equipment	-	-	-	149
- Gain on liquidation of subsidiaries	-	-	-	163
	<u>(69)</u>	<u>86</u>	<u>648</u>	<u>(83)</u>
	<u>13,931</u>	<u>86</u>	<u>593,674</u>	<u>308,591</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
Group				
Personnel costs				
- Salaries, bonus, wages and allowances	195,549	188,978	765,860	688,263
- Defined contribution plan	29,339	28,223	115,511	105,022
- Other staff related costs	30,490	19,188	79,394	60,893
	<u>255,378</u>	<u>236,389</u>	<u>960,765</u>	<u>854,178</u>
Establishment costs				
- Property, plant and equipment				
- Depreciation	29,546	26,551	98,951	84,930
- Written off	-	-	10	-
- Information technology expenses	32,861	27,160	112,436	86,314
- Repair and maintenance	13,887	10,668	48,598	44,127
- Rental of premises	10,658	10,747	44,158	40,600
- Water and electricity	5,644	4,701	20,708	19,034
- Rental of equipment	2,380	2,974	9,901	11,919
- Insurance	(8,263)	10,138	13,043	28,762
- Others	2,325	902	8,645	5,479
	<u>89,038</u>	<u>93,841</u>	<u>356,450</u>	<u>321,165</u>
Marketing expenses				
- Sales commission	4,000	5,216	9,959	31,807
- Advertisements and publicity	30,820	19,104	56,678	40,340
- Dealers' handling and warranty fees	(11,994)	3,340	62	11,316
- Others	(1,004)	25,709	64,891	82,349
	<u>21,822</u>	<u>53,369</u>	<u>131,590</u>	<u>165,812</u>
Administration and general expenses				
- Communication expenses	20,494	22,480	83,865	86,160
- Legal and professional fee	6,586	7,928	18,866	21,859
- Others	26,197	55,728	88,112	116,615
	<u>53,277</u>	<u>86,136</u>	<u>190,843</u>	<u>224,634</u>
	<u>419,515</u>	<u>469,735</u>	<u>1,639,648</u>	<u>1,565,789</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
Company				
Personnel costs				
- Salaries, bonus, wages and allowances	2,044	3,530	9,022	10,019
- Defined contribution plan	317	564	1,437	1,587
- Other staff related costs	393	369	1,469	1,309
	<u>2,754</u>	<u>4,463</u>	<u>11,928</u>	<u>12,915</u>
Establishment costs				
- Rental of premises	276	279	1,151	1,163
- Depreciation of property, plant and equipment	80	75	158	285
- Repair and maintenance	64	74	259	232
- Rental of equipment	14	21	46	64
- Water and electricity	17	17	71	61
- Information technology expenses	5	4	11	11
- Insurance	-	1	2	3
	<u>456</u>	<u>471</u>	<u>1,698</u>	<u>1,819</u>
Marketing expenses				
- Advertisements and publicity	35	-	637	730
- Others	34	4,925	274	6,597
	<u>69</u>	<u>4,925</u>	<u>911</u>	<u>7,327</u>
Administration and general expenses				
- Communication expenses	101	66	325	259
- Legal and professional fee	1,272	587	2,815	2,317
- Others	216	73	953	124
	<u>1,589</u>	<u>726</u>	<u>4,093</u>	<u>2,700</u>
	<u><u>4,868</u></u>	<u><u>10,585</u></u>	<u><u>18,630</u></u>	<u><u>24,761</u></u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	4th quarter ended		Twelve months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing:				
- Individual assessment allowance	115	-	183,114	-
- Collective assessment allowance	105,346	-	418,963	-
- Specific allowance	-	259,647	-	891,720
- General allowance	-	(111,391)	-	(152,103)
Impaired loans and financing recovered	(39,869)	(35,217)	(182,786)	(161,965)
Impairment (allowance)/write back for other debtors	(103)	(2,140)	(3,719)	1,156
	65,489	110,899	415,572	578,808



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010	As at 31 Dec 2009
	RM'000	RM'000
A13. Financial Assets Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	-	49,775
Malaysian government investment issues	45,621	-
Bank Negara Malaysia ('BNM') monetary notes	366,768	-
Negotiable instruments of deposits	51,502	452,193
Singapore government treasury bills	119,367	92,749
Thailand government bonds	10,216	-
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	69,896	54,684
Unit trusts	1,059	863
Outside Malaysia		
Shares	2,457	5,496
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	105,368	204,456
	<u>772,254</u>	<u>860,216</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A14. Financial Investments Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	4,520,680	2,512,175
Malaysian government investment issues	3,080,615	1,000,660
Cagamas bonds	591,416	444,542
Khazanah bonds	11,984	11,179
Negotiable instruments of deposits	108,163	109,672
Banker's acceptances and Islamic accepted bills	93,868	-
Singapore government securities	128,445	83,610
Singapore government treasury bills	26,258	134,262
Thailand government bonds	112,140	20,755
1 Malaysia sukuk	86,032	-
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	15,408	15,612
Shares	4,310	5,689
Outside Malaysia		
Shares	17	11
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	3,910,065	4,374,356
Shares	360,862	168,472
Corporate loan stocks	129,634	133,267
Unit trusts	168,495	-
Redeemable Convertible Preference Shares	13,980	-
Outside Malaysia		
Private debt securities	11,921	54,209
Corporate loan stocks	564	1,221
Structured notes	-	22,729
	13,374,857	9,092,421

As at 31 December 2010, the carrying value of financial investments available-for-sale, which was transferred from financial assets held-for-trading in previous financial years is RM1,512.3 million (31.12.2009: RM2,558.7 million).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010	As at 31 Dec 2009
	RM'000	RM'000
A15. Financial Investments Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	2,993,642	2,387,667
Malaysian government investment issues	1,371,160	1,327,616
Cagamas bonds	773,645	779,550
Khazanah bonds	52,631	34,935
Negotiable instruments of deposits	1,103,432	1,800,000
Singapore government securities	120,730	121,748
Thailand government securities	223,230	237,187
Sukuk (Brunei) Incorporation	23,873	41,538
Singapore government treasury bills	9,549	-
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	2,396,089	2,439,042
Corporate loan stocks	81,107	60,507
Bonds	25,137	25,036
Prasarana bonds	1,860,387	1,852,771
Outside Malaysia		
Floating rate notes	-	28,419
Private debt securities	18,520	20,364
Structured paper	32,564	33,060
	11,085,696	11,189,440
Accumulated impairment losses	(216,146)	(209,295)
	10,869,550	10,980,145

As at 31 December 2010, the carrying value of financial investments held-to-maturity, which was transferred from financial assets held-for-trading in previous financial years is RM26.1 million (31.12.2009: RM28.8 million).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010	As at 31 Dec 2009
	RM'000	RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	6,092,693	5,989,096
Term loans/financing		
- housing loans/financing	18,277,357	15,510,118
- syndicated term loans/financing	2,033,985	2,899,403
- hire-purchase receivables	10,956,570	9,693,483
- lease receivables	146,399	180,650
- other term loans/financing	33,530,820	21,913,454
Bills receivable	1,507,021	1,238,462
Trust receipts	343,170	381,389
Claims on customers under acceptance credits	4,632,725	4,909,188
Staff loans/financing	350,587	370,422
Credit/charge cards receivables	1,644,995	1,580,368
Revolving credits	4,193,922	4,968,972
Gross loans, advances and financing	83,710,244	69,635,005
Allowance for impaired loans and financing		
- individual assessment allowance	(855,782)	-
- collective assessment allowance	(1,626,369)	-
- specific allowance	-	(1,757,142)
- general allowance	-	(954,772)
Net loans, advances and financing	81,228,093	66,923,091

Included in term loans are housing loans and hire-purchase receivables sold to Cagamas with recourse amounting to RM818.5 million (31.12.2009: RM1,168.8 million).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- others	315,707	377,356
Domestic business enterprises		
- small medium enterprises	11,044,473	11,342,280
- others	22,141,219	19,754,848
Government and statutory bodies	9,204,927	3,764,664
Individuals	36,474,819	29,547,312
Other domestic entities	8,324	12,609
Foreign entities	4,520,775	4,835,936
	<u>83,710,244</u>	<u>69,635,005</u>
(b) By geographical distribution		
In Malaysia	80,067,443	65,990,201
Outside Malaysia		
- Singapore operations	3,191,218	3,068,090
- Thailand operations	297,308	414,566
- Brunei operations	154,275	162,148
	<u>83,710,244</u>	<u>69,635,005</u>
(c) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,523,367	1,501,691
- hire-purchase receivables	10,956,595	9,703,885
- other fixed rate loans/financing	14,207,886	8,129,335
Variable rate		
- base lending/financing rate plus	32,736,627	27,386,890
- cost-plus	19,946,768	18,203,737
- other variable rates	4,339,001	4,709,467
	<u>83,710,244</u>	<u>69,635,005</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	4,007,645	2,408,854
Purchase of transport vehicles	9,567,623	8,225,802
Purchase of landed property:		
- residential	18,841,064	16,002,278
- non-residential	4,761,379	3,943,025
Purchase of property, plant and equipment other than land and building	3,336,170	3,757,180
Personal use	3,535,354	2,749,034
Credit card	1,644,995	1,580,368
Purchase of consumer durables	54,295	61,414
Construction	2,593,596	2,218,554
Working capital	20,693,990	22,217,787
Merger and acquisition	2,432,562	19,945
Other purpose	12,241,571	6,450,764
	83,710,244	69,635,005
(e) By remaining contractual maturities		
Maturity within one year	28,641,800	20,552,606
One year to three years	4,692,466	4,832,451
Three years to five years	10,023,354	8,217,320
Over five years	40,352,624	36,032,628
	83,710,244	69,635,005



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing		
(i) Movements in impaired loans, advances and financing are as follows:		
Balance as at the beginning of the financial year		
- As previously stated	3,253,499	2,840,118
- Effect of adoption of FRS 139	1,384,069	-
- As restated	<u>4,637,568</u>	<u>2,840,118</u>
Classified as impaired	3,881,193	3,871,236
Amount recovered	(961,325)	(396,318)
Reclassified as non-impaired	(2,789,193)	(2,502,944)
Amount written off	(1,084,148)	(559,943)
Exchange difference	(11,920)	1,350
Balance as at the end of the financial year	<u>3,672,175</u>	<u>3,253,499</u>
(ii) By purpose		
Purchase of securities	83,475	4,705
Purchase of transport vehicles	241,331	180,867
Purchase of landed property:		
- residential	1,163,245	1,088,996
- non-residential	251,257	167,974
Purchase of property, plant and equipment other than land and building	203,251	114,830
Personal use	90,835	92,830
Credit card	78,954	69,677
Purchase of consumer durables	2,983	3,745
Construction	174,628	105,533
Working capital	1,370,284	1,376,343
Other purpose	11,932	47,999
	<u>3,672,175</u>	<u>3,253,499</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
In Malaysia	3,516,560	3,072,824
Outside Malaysia		
- Singapore operations	127,892	164,374
- Thailand operations	22,371	8,896
- Brunei operations	5,352	7,405
	<u>3,672,175</u>	<u>3,253,499</u>
(iv) Movements in allowance for impaired loans, advances and financing:		
<u>Individual assessment allowance</u>		
Balance as at the beginning of the financial year		
- As previously stated	-	-
- Effect of adoption of FRS 139	1,351,202	-
- As restated	1,351,202	-
Allowance made	258,748	-
Amount recovered	(75,634)	-
Amount written off	(672,014)	-
Exchange difference	(6,520)	-
Balance as at the end of the financial year	<u>855,782</u>	<u>-</u>
<u>Collective assessment allowance</u>		
Balance as at the beginning of the financial year		
- As previously stated	-	-
- Effect of adoption of FRS 139	1,614,354	-
- As restated	1,614,354	-
Allowance made	677,250	-
Amount recovered	(258,287)	-
Amount written off	(403,105)	-
Exchange difference	(3,843)	-
Balance as at the end of the financial year	<u>1,626,369</u>	<u>-</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iv) Movements in allowance for impaired loans, advances and financing are as follows:		
<u>Specific allowance</u>		
Balance as at the beginning of the financial year		
- As previously stated	1,757,142	1,457,957
- Effect of adoption of FRS 139	(1,757,142)	-
- As restated	-	1,457,957
Allowance made	-	1,161,812
Amount recovered	-	(270,092)
Amount written off	-	(563,488)
Transfer to accumulated impairment loss	-	(28,298)
Exchange difference	-	(749)
Balance as at the end of the financial year	-	1,757,142
<u>General allowance</u>		
Balance as at the beginning of the financial year		
- As previously stated	954,772	1,106,697
- Effect of adoption of FRS 139	(954,772)	-
- As restated	-	1,106,697
Net allowance written back	-	(152,103)
Exchange difference	-	178
Balance as at the end of the financial year	-	954,772

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A17. Other Assets				
Other debtors, deposits and prepayments	322,193	386,134	40,832	40,343
Reinsurance assets	154,448	133,676	-	-
Deposit for proposed acquisition of Bank Mestika (refer to Note B8(a))	112,515	112,515	112,515	112,515
Accrued interest receivable	-	207,765	-	191
	589,156	840,090	153,347	153,049



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	19,523,082	18,597,038
Savings deposits	5,832,118	5,663,371
Fixed/investment deposits	68,829,333	60,264,247
Negotiable instruments of deposits	249,295	316,409
	94,433,828	84,841,065
(b) By type of customer		
Government and statutory bodies	8,424,043	6,566,945
Business enterprises	54,623,226	50,519,461
Individuals	27,507,468	25,372,763
Others	3,879,091	2,381,896
	94,433,828	84,841,065
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
Due within six months	58,855,201	51,127,186
Six months to one year	9,744,919	8,801,962
One year to three years	449,560	645,883
Three years to five years	28,948	5,382
Over five years	-	243
	69,078,628	60,580,656



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	5,228,464	4,412,113
Licensed Islamic banks	-	802,720
Licensed investment banks	153,442	100,000
BNM	2,197,885	690,006
Other financial institutions	2,486,366	1,411,186
	10,066,157	7,416,025

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A20. Other Liabilities				
Accrued interest payable	-	357,376	-	55,790
Other creditors and accruals	843,879	757,862	4,611	6,043
General insurance contract liabilities	379,176	334,845	-	-
Short term employee benefits	148,068	167,572	-	-
Lessee deposits	65,050	74,864	-	-
Prepaid instalment	77,670	76,602	-	-
Remisiers' trust deposits	10,016	8,624	-	-
Amount due to Danaharta	1,796	1,824	-	-
Amount payable for creation of units due to funds	2,069	350	-	-
	1,527,724	1,779,919	4,611	61,833



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A21. Segment Information

Revenue and Results

Twelve months ended 31 December 2010

	Corporate & Investment Banking	Retail Banking	Business Banking	Treasury and Money Market	Islamic Banking Business	Global Financial Banking	Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
External revenue	804,456	1,646,341	662,567	793,569	267,548	186,487	20,234	-	4,381,202
Inter-segment revenue	23,225	14,007	-	12,469	(9,167)	2,711	24,682	(67,927)	-
Segment revenue*	827,681	1,660,348	662,567	806,038	258,381	189,198	44,916	(67,927)	4,381,202
Overhead expenses	(235,864)	(590,516)	(266,476)	(55,273)	(76,609)	(101,545)	(51,780)	67,927	(1,310,136)
Of which:									
Depreciation of property, plant and equipment	(8,810)	(13,325)	(54,811)	(3,882)	(8,371)	(4,050)	(5,702)	-	(98,951)
Allowance for impairment on loans, financing and other losses	28,593	(282,451)	(86,638)	-	(67,379)	(7,697)	-	-	(415,572)
Impairment losses on other assets	(5,187)	(210)	150	(86,660)	(24,945)	20,264	-	-	(96,588)
Profit before unallocated expenses	615,223	787,171	309,603	664,105	89,448	100,220	(6,864)	-	2,558,906
Unallocated expenses									(660,421)
Profit after unallocated expenses									1,898,485
Share of results of an associate									12
Share of results of a joint venture									792
Profit before taxation									1,899,289
Taxation									(470,744)
Net profit for the financial year									1,428,545

* Total segment revenue comprise of net interest income (excluding interest expense on borrowings, subordinated obligations and Hybrid Tier-I Capital Securities amounting to RM330.9 million), other operating income and income from Islamic banking business.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A21. Segment Information (continued)

Revenue and Results

Twelve months ended 31 December 2009

Group	Corporate & Investment Banking	Retail Banking	Business Banking	Treasury and Money Market	Islamic Banking Business	Global Financial Banking	Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	630,200	1,526,576	589,256	661,929	265,804	212,156	45,934	-	3,931,855
Inter-segment revenue	22,230	13,222	-	15,131	(10,773)	2,458	14,675	(56,943)	-
Segment revenue*	652,430	1,539,798	589,256	677,060	255,031	214,614	60,609	(56,943)	3,931,855
Overhead expenses	(213,768)	(582,514)	(251,985)	(55,136)	(86,086)	(114,110)	(65,219)	56,943	(1,311,875)
Of which:									
Depreciation of property, plant and equipment	(8,837)	(10,512)	(44,111)	(5,114)	(6,111)	(4,078)	(6,167)	-	(84,930)
Allowance for impairment on loans, financing and other losses	(164,103)	(185,937)	(102,000)	-	(83,028)	(43,740)	-	-	(578,808)
Write back on other assets	18,403	(4,389)	61	3,483	-	-	-	-	17,558
Profit before unallocated expenses	292,962	766,958	235,332	625,407	85,917	56,764	(4,610)	-	2,058,730
Unallocated expenses									(520,773)
Profit after unallocated expenses									1,537,957
Share of results of an associate									43
Share of results of a joint venture									420
Profit before taxation									1,538,420
Taxation									(329,814)
Net profit for the financial year									1,208,606

* Total segment revenue comprise of net interest income (excluding interest expense on borrowings, subordinated obligations and Hybrid Tier-I Capital Securities amounting to RM266.9 million), other operating income and income from Islamic banking business.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A22. Valuation of Property, Plant and Equipment

Property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment loss.

A23. Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the balance sheet date that have not been reflected in the financial statements.

A24. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the financial year ended 31 December 2010, other than as summarised below:

(a) Acquisition of Positive Properties Sdn Bhd ('Positive Properties')

Positive Properties became a wholly-owned subsidiary of RHB Hartanah Sdn Bhd ('RHB Hartanah'), a wholly-owned subsidiary of the Company, with effect from 26 May 2010 pursuant to the acquisition of the remaining 50% equity interest in Positive Properties not already owned by RHB Hartanah from Bedford Land Sdn Bhd. Previously, Positive Properties is an associate of the Group. The acquisition was settled via cash consideration of RM35,130,642. The effect of the acquisition on the Group's cash flow is as follow:

	At date of acquisition RM'000
Property, plant and equipment	62,000
Cash, bank balances and deposits with banks	812
Other receivables, deposits and prepayments	84
Tax recoverable	61
Other payables	(43)
Deferred tax liabilities	(2,027)
	<hr/>
Fair value of total net assets	60,887
Less: Amount accounted for as an associate at date of acquisition	(11,192)
Less: Fair value adjustment on net assets attributable to equity interest held previously	(20,265)
Add: Tax adjustment on net assets attributable to equity interest held previously	1,013
Fair value of net assets acquired at date of acquisition	30,443
Goodwill arising from consolidation	4,687
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Total purchase consideration	35,130
Less: Cash and cash equivalents of subsidiary acquired	(812)
	<hr/>
Net cash outflow of the Group on acquisition of subsidiary	34,318
	<hr/> <hr/>

The financial results of Positive Properties in the period between the date of acquisition and the balance sheet date was not significant to the Group.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A24. Changes in Composition of the Group (continued)

(a) Acquisition of Positive Properties Sdn Bhd ('Positive Properties') (continued)

The effect of this acquisition on the Group's financial position as at 31 December 2010 is as follow:

	As at 31 Dec 2010 RM'000
Property, plant and equipment	62,000
Cash, bank balances and deposits with banks	879
Other receivables, deposits and prepayments	32
Tax recoverable	60
Other payables	(8)
Deferred tax liabilities	<u>(2,027)</u>
Group's share of net assets	60,936
Less: Amount accounted for as an associate at date of acquisition	(11,192)
Less: Group's share of profit had the Group not acquired the additional interest	<u>(4)</u>
Increase in the Group's net assets	<u><u>49,740</u></u>

(b) Acquisition of RHB Property Management Sdn Bhd ('RHBPM')

RHBPM became a wholly-owned subsidiary of RHB Hartanah, a wholly-owned subsidiary of the Company, with effect from 16 July 2010 pursuant to the acquisition of the entire issued and paid-up share capital of RHBPM. The acquisition was settled via cash consideration of RM5,391,085. The effect of the acquisition on the Group's cash flow is as follow:

	At date of acquisition RM'000
Property, plant and equipment	64
Cash, bank balances and deposits with banks	1,869
Other receivables, deposits and prepayments	820
Tax recoverable	1,520
Inventory	19
Amount due for holding company	4,039
Amount due from related companies	1,159
Other payables	(1,031)
Tax liabilities	(1,660)
Amount due to related companies	(1,413)
Deferred tax liabilities	<u>(5)</u>
Fair value of net assets acquired at date of acquisition	5,381
Goodwill arising from consolidation	<u>31</u>
Total purchase consideration	5,412
Less: Cash and cash equivalents of subsidiary acquired	<u>(1,869)</u>
Net cash outflow of the Group on acquisition of subsidiary	<u><u>3,543</u></u>

The financial results of RHBPM in the period between the date of acquisition and the balance sheet date was not significant to the Group.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A24. Changes in Composition of the Group (continued)

(b) Acquisition of RHB Property Management Sdn Bhd ('RHBPM') (continued)

The effect of this acquisition on the Group's financial position as at 31 December 2010 is as follow:

	As at 31 Dec 2010 RM'000
Property, plant and equipment	48
Cash, bank balances and deposits with banks	3,478
Other receivables, deposits and prepayments	962
Tax recoverable	1,519
Inventory	14
Amount due from holding company	1,386
Amount due from related companies	825
Other payables	(1,271)
Tax liabilities	(1,575)
Amount due to related companies	(4,615)
Deferred tax liabilities	(5)
	<hr/>
Increase in the Group's net assets	<u><u>766</u></u>

(c) Acquisition of Additional Interest in RHB Insurance Berhad ('RHB Insurance')

The Company acquired 15,200,000 ordinary shares of RM1.00 each in RHB Insurance for a cash consideration of RM45.1 million, representing 15.2% of the issued and paid-up share capital of RHB Insurance. Following the completion, RHB Capital now holds 94.7% of the issued and paid-up share capital of RHB Insurance.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date

(a) Commitments and Contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the condensed financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

<u>Group</u>	As at 31 Dec 2010			As at 31 Dec 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	2,366,972	2,301,345	2,575,444	2,251,758	2,251,758	2,014,053
Transaction-related contingent items	1,905,733	929,964	963,854	2,197,336	1,098,669	842,297
Short term self-liquidating trade-related contingencies	825,269	162,953	125,968	1,671,688	334,338	222,581
Obligations under underwriting agreements	206,762	103,381	44,300	430,900	215,450	163,615
Irrevocable commitments to extend credit						
- maturity not exceeding one year	30,970,754	1,582,218	955,370	29,508,470	310,873	310,873
- maturity exceeding one year	4,388,898	1,302,303	1,079,919	5,496,841	2,654,057	2,039,733
Foreign exchange related contracts						
- less than one year	14,267,825	306,554	157,387	10,094,034	143,085	46,885
- one year to less than five years	1,183,447	564,225	300,962	1,419,297	185,127	63,620
Interest rate related contracts						
- less than one year	2,676,825	11,996	3,173	2,638,766	10,583	2,116
- one year to less than five years	9,980,957	316,358	77,240	8,108,858	375,480	85,236
- more than five years	530,000	50,241	10,048	885,352	89,164	21,674
Commodity contracts						
- less than one year	17,628	-	-	-	-	-
Others	97,204	-	-	2,530,883	-	-
	<u>69,418,274</u>	<u>7,631,538</u>	<u>6,293,665</u>	<u>67,234,183</u>	<u>7,668,584</u>	<u>5,812,683</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date (continued)

(a) Commitments and Contingencies (continued)

* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's guidelines. Foreign exchange, interest rate and commodity related contracts are subject to market risk and credit risk.

With effect from 1 July 2010, the credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of:

- (i) its commercial banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Internal Ratings Based ('IRB') Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II);
- (ii) its Islamic banking 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); and
- (iii) its investment banking subsidiary, which is computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

As at 31 December 2009, the CE and RWA of the Group were an aggregate of CE and RWA of:

- (i) its commercial banking subsidiary, which was computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market Risk (Basel I);
- (ii) its Islamic banking subsidiary, which was computed in accordance with BNM's Capital Adequacy Framework for Islamic Bank (CAFIB): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II); and
- (iii) its investment banking subsidiary, which was computed in accordance with BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

RHB Bank has given a continuing guarantee to BNM to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

RHB Bank has also given a guarantee to Ministry of Finance of Negara Brunei Darussalam to undertake any liabilities which may be incurred in respect of its branch in Brunei. In addition, RHB Bank has issued a guarantee to Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of its branch in Bangkok.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A25. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date (continued)

(b) Guarantees Issued

As at balance sheet date, the Company has extended unsecured guarantees of RM68,000,000 (31.12.2009: RM100,000,000) for performance guarantees of one of its subsidiary company.

(c) Other Contingent Liabilities

(i) The Company

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon and costs (Please refer to B12(a) 'Material Litigation' for further details).

The suit is still ongoing and the solicitors for the Company are of the opinion that the chances of successfully recovering the Deposit are good. In addition, the solicitors for the Company are also of the opinion that the prospects of successfully defending the counterclaim filed by CBSB against the Company are good and that the said counterclaim is unlikely to succeed.

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the financial year ended 31 December 2010.

A26. Capital Commitments

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	71,673	59,757
- authorised but not contracted for	103,668	103,259
	175,341	163,016
Proposed acquisition of Bank Mestika (refer to Note B8(a))	1,050,611	1,050,611
	1,225,952	1,213,627



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A27. Capital Adequacy Ratio

BNM guidelines on capital adequacy requires RHB Bank, RHB Investment Bank Berhad ('RHB Investment Bank') and RHB Islamic Bank Berhad ('RHB Islamic Bank') to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

With effect from 1 July 2010, the capital ratios of RHB Bank are computed based on 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). Comparative have not been restated. For 31 December 2009, the capital ratios of the RHB Bank were computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework for Credit and Market (Basel I). The capital ratios of RHB Investment Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Islamic Bank are 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).

Currently, the Group is not required to maintain any capital adequacy ratio requirements.

(a) The capital adequacy ratios of RHB Bank, RHB Investment Bank and RHB Islamic Bank are as follows:

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up ordinary share capital	3,318,085	3,318,085	263,646	263,646	523,424	523,424
Hybrid Tier-1 Capital Securities	597,227	596,996	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	2,492,142	1,696,589	93,912	220,169	222,371	167,172
Other reserves (exclude AFS reserves)	2,673,342	2,397,969	278,549	278,549	231,484	197,739
Deferred tax (assets)/liabilities	(265,300)	(234,070)	(1,315)	1,095	(33,269)	(17,046)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	7,918,540	6,878,613	475,512	604,179	944,010	871,289
Tier II capital						
Subordinated obligations	3,000,000	2,000,000	237,756	245,000	-	-
Collective assessment allowance [^]	263,786	-	1,116	-	103,037	-
General allowance for bad and doubtful debts	-	862,725	-	1,137	-	88,984
Total Tier II capital	3,263,786	2,862,725	238,872	246,137	103,037	88,984

[^] 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.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A27. Capital Adequacy Ratio (continued)

(a) The capital adequacy ratios of RHB Bank, RHB Investment Bank and RHB Islamic Bank are as follows: (continued)

	RHB Bank		RHB Investment Bank		RHB Islamic Bank	
	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less:						
Investments in subsidiaries	(622,656)	(622,666)	(84,970)	(58,270)	-	-
Investments in a joint venture	-	-	(27,399)	(27,399)	-	-
Securitisation exposures subject to deductions [#]	-	-	(1,085)	-	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(199,127)	-	-	-	-	-
Other deductions*	(3,190)	(3,230)	(335)	(422)	(102)	(12)
Eligible Tier II Capital	<u>2,438,813</u>	<u>2,236,829</u>	<u>125,083</u>	<u>160,046</u>	<u>102,935</u>	<u>88,972</u>
Total capital base	<u>10,357,353</u>	<u>9,115,442</u>	<u>600,595</u>	<u>764,225</u>	<u>1,046,945</u>	<u>960,261</u>
<u>Before deducting proposed dividends</u>						
Core capital ratio	10.79%	10.55%	32.47%	35.58%	12.23%	12.50%
Risk-weighted capital adequacy ratio ('RWCR')	14.11%	13.99%	41.02%	45.01%	13.56%	13.78%
<u>After deducting proposed dividends</u>						
Core capital ratio	10.46%	10.41%	27.69%	24.64%	12.23%	12.50%
Risk-weighted capital adequacy ratio	13.79%	13.84%	33.85%	31.95%	13.56%	13.78%

[#] Pursuant to Risk-Weighted Capital Adequacy Framework (Basel II - Risk Weighted Assets Computation), banking institutions that retain their own-originated securitisation positions rated below investment grade must deduct all of such exposures from its regulatory capital.

* Pursuant to the Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments/Reserves, the RWCR computation shall account for the ageing, liquidity and 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 Investment Bank		RHB Islamic Bank	
	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2009	As at 31 Dec 2010	As at 31 Dec 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk	65,571,292	64,025,583	887,428	1,118,845	7,124,858	6,401,766
Market risk	1,232,084	1,118,776	161,899	148,681	30,513	9,114
Operational risk	6,559,217	-	414,977	430,394	566,538	558,743
	<u>73,362,593</u>	<u>65,144,359</u>	<u>1,464,304</u>	<u>1,697,920</u>	<u>7,721,909</u>	<u>6,969,623</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
A28. Operations of Islamic Banking		
(a) Statement of Financial Position as at 31 December 2010		
ASSETS		
Cash and short-term funds	1,076,367	2,273,441
Deposits and placements with banks and other financial institutions	40,062	305,000
Financial assets held-for-trading	218,928	30,931
Financial investments available-for-sale	1,787,265	1,195,204
Financial investments held-to-maturity	1,073,159	1,042,352
Financing and advances	8,713,761	5,842,302
Other assets	41,538	59,322
Deferred tax assets	30,854	17,046
Tax recoverable	-	15,666
Statutory deposits	105,140	69,240
Property, plant and equipment	21,547	23,083
Intangible assets	-	27,601
Total assets	<u>13,108,621</u>	<u>10,901,188</u>
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	9,946,582	8,127,782
Deposits and placements of banks and other financial institutions	1,538,052	1,288,620
Bills and acceptances payable	12,124	25,228
Other liabilities	52,715	88,718
Provision for taxation	170	-
Total liabilities	<u>11,549,643</u>	<u>9,530,348</u>
Islamic Banking Funds	1,558,978	1,370,840
Total liabilities and Islamic Banking Funds	<u>13,108,621</u>	<u>10,901,188</u>
Commitments and contingencies	<u>3,519,220</u>	<u>2,815,528</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4th quarter ended		Twelve months ended	
31 Dec	31 Dec	31 Dec	31 Dec
2010	2009	2010	2009
RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

(b) Income Statement for the financial year ended 31 December 2010

Group

Income derived from investment of depositors' funds	139,761	110,472	492,413	431,007
Income derived from investment of shareholder's funds	10,872	12,945	53,685	47,809
Allowance for impairment on financing and advances	(6,866)	(9,661)	(67,379)	(83,028)
Impairment losses on other assets	(24,945)	-	(24,945)	-
Profit equalisation reserve	1,718	(991)	(201)	1,410
Total distributable income	120,540	112,765	453,573	397,198
Income attributable to depositors	(68,110)	(37,217)	(212,135)	(154,062)
	52,430	75,548	241,438	243,136
Personnel expenses	(14,734)	(11,692)	(59,058)	(54,281)
Other overheads and expenditures	(15,752)	(26,010)	(86,372)	(96,435)
Profit before taxation	21,944	37,846	96,008	92,420
Taxation	(5,769)	5,280	(23,136)	(21,202)
Net profit for the financial period/year	16,175	43,126	72,872	71,218



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4th quarter ended		Twelve months ended	
31 Dec	31 Dec	31 Dec	31 Dec
2010	2009	2010	2009
RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

(c) Statement of Comprehensive Income for the financial year ended 31 December 2010

Group

Net profit for the financial period/year	<u>16,175</u>	43,126	<u>72,872</u>	71,218
Other comprehensive income/(loss):				
Financial investments available-for-sale				
- Unrealised gain/(loss) on revaluation	(8,644)	(1,809)	6,040	(6,747)
- Net transfer to income statement				
on disposal or impairment	(2,883)	663	(5,676)	(8,859)
Income tax relating to components				
of other comprehensive income/(loss)	<u>2,877</u>	283	<u>(107)</u>	4,203
Other comprehensive income/(loss)				
for the financial period/year	<u>(8,650)</u>	<u>(863)</u>	<u>257</u>	<u>(11,403)</u>
Total comprehensive income				
for the financial period/year	<u>7,525</u>	<u>42,263</u>	<u>73,129</u>	<u>59,815</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	116,123	87,557
Term financing		
- housing financing	2,368,625	1,872,246
- syndicated term financing	898,904	793,288
- hire purchase receivables	1,625,598	1,035,729
- other term financing	2,902,392	1,297,163
Bills receivable	546,820	503,119
Trust receipts	17,994	32,787
Staff financing	11,404	12,990
Credit/charge cards receivables	530	-
Revolving financing	547,639	451,209
Gross financing and advances	9,036,029	6,086,088
Less: Allowance for impaired financing and advances		
- individual assessment allowance	(163,440)	-
- collective assessment allowance	(158,828)	-
- specific allowance	-	(154,802)
- general allowance	-	(88,984)
Net financing and advances	8,713,761	5,842,302



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(i) Movements in impaired financing and advances		
Balance as at the beginning of the financial year		
- As previously reported	376,940	267,357
- Effect of adoption of FRS 139	101,472	-
- As restated	<u>478,412</u>	<u>267,357</u>
Classified as impaired	486,779	424,210
Reclassified as non-impaired	(293,671)	(239,410)
Amount recovered	(43,269)	(40,005)
Amount written off	-	(35,212)
Balance as at the end of the financial year	<u><u>628,251</u></u>	<u><u>376,940</u></u>
(ii) Movements in the allowance for impaired financing and advances		
<u>Individual assessment allowance</u>		
Balance as at the beginning of the financial year		
- As previously reported	-	-
- Effect of adoption of FRS 139	107,035	-
- As restated	<u>107,035</u>	<u>-</u>
Allowance made	69,456	-
Amount written back	(12,546)	-
Amount written off	(505)	-
Balance as at the end of the financial year	<u><u>163,440</u></u>	<u><u>-</u></u>
<u>Collective assessment allowance</u>		
Balance as at the beginning of the financial year		
- As previously reported	-	-
- Effect of adoption of FRS 139	140,427	-
- As restated	<u>140,427</u>	<u>-</u>
Allowance made	18,401	-
Balance as at the end of the financial year	<u><u>158,828</u></u>	<u><u>-</u></u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances (continued)		
(ii) Movements in allowance for impaired financing and advances (continued)		
<u>Specific allowance</u>		
Balance as at the beginning of the financial year		
- As previously reported	154,802	92,581
- Effect of adoption of FRS 139	(154,802)	-
- As restated	-	92,581
Allowance made	-	123,451
Amount recovered	-	(26,756)
Amount written off	-	(34,474)
Balance as at the end of the financial year	<u>-</u>	<u>154,802</u>
<u>General allowance</u>		
Balance as at the beginning of the financial year		
- As previously reported	88,984	97,984
- Effect of adoption of FRS 139	(88,984)	-
- As restated	-	97,984
Allowance made	-	(9,000)
Balance as at the end of the financial year	<u>-</u>	<u>88,984</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Income receivable	-	28,681
Deposits and prepayments	682	22,227
Sundry deposits debtors	1,251	1,352
Other debtors	39,605	7,062
	41,538	59,322
(f) Deposits from Customers		
<u>Non-Mudharabah Funds</u>		
Demand deposits	1,376,008	1,607,302
Savings deposits	569,786	563,317
Negotiable Islamic Debt Certificates	4,976	4,754
Commodity Murabahah	754,650	-
	2,705,420	2,175,373
<u>Mudharabah Funds</u>		
Demand deposits	378,321	374,513
Saving deposits	3,123	-
General investment deposits accounts	1,280,190	1,166,442
Special investment deposits accounts	5,579,528	4,411,454
	9,946,582	8,127,782



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A29. Changes in Accounting Policies

The adoption of the following FRSs and amendments to FRSs during the financial year have resulted in the following changes:

1. FRS 139 Financial Instruments: Recognition and Measurement and the Related Amendments

Effective 1 January 2005, the Group has 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's accounting policies:

(a) Impairment of Loans, Advances and Financing

Prior to 1 January 2010, the Group's loan loss allowances 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 assesses 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 first assesses 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 determines 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 assesses 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 original effective interest rate ('EIR') of loans, advances and financing. 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 addresses impairment of loans, advances and financing via either individually assessed allowance or collectively assessed allowance.

(i) Individually assessed allowance

The Group determines 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 the original effective interest rate 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.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

A29. Changes in Accounting Policies (continued)

1. FRS 139 Financial Instruments: Recognition and Measurement and the Related Amendments (continued)

(a) Impairment of Loans, Advances and Financing (continued)

(ii) Collectively assessed allowance

For the purposes of a collective evaluation of impairment under FRS 139, loans, advances and financing are grouped on the basis of similar credit risk characteristics, taking into account the historical loss experience of such loans.

In accordance with the transitional provisions under the Amendments to FRS 139, 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 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.

The Group has adopted the transitional provisions under the Amendments to FRS 139 and the collective assessment impairment allowance of the Group has been determined based on the transitional arrangement issued by BNM.

(b) Recognition of Interest Income

- (i) Previously, interest income is recognised based on contractual interest rates. Upon adoption of FRS 139, interest income is now recognised using the effective interest method, which is the rate that discounts the estimated future cash receipts or payments through the expected life of the financial instruments, or when appropriate, a shorter period to the net carrying amount.
- (ii) 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.

(c) Classification of Interest Receivable and Interest Payable

Upon adoption of FRS 139, interest receivable and interest payable previously classified under other receivable and other liabilities respectively, is now included into the respective category of financial assets and financial liabilities.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A29. Changes in Accounting Policies (continued)

1. FRS 139 Financial Instruments: Recognition and Measurement and the Related Amendments (continued)

(d) 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 derivatives are not closely related to the host contract.

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

(e) Financial Investments Available-For-Sale ('AFS')

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

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 of the Group:

Group	Balance as at 31 December 2009, as previously reported RM'000	Effect of adoption of FRS 139 RM'000	Adjusted balance as at 1 January 2010, as restated RM'000
Retained profits	1,991,182	56,296	2,047,478
Translation reserves	(8,190)	(64)	(8,254)
AFS reserves	(35,993)	118,352	82,359
Financial investment available-for-sale	9,092,421	157,802	9,250,223
Loans, advances and financing			
- Gross loans and advances and financing	69,635,005	328,376	69,963,381
- Individual impairment allowances	-	1,351,202	1,351,202
- Collective impairment allowances	-	1,614,354	1,614,354
- Specific allowances	1,757,142	(1,757,142)	-
- General allowances	954,772	(954,772)	-
Clients' and broker balance			
- Individual impairment allowances	-	8,061	8,061
- Collective impairment allowances	-	221	221
- Specific allowances	8,061	(8,061)	-
- General allowances	221	(221)	-
Deferred tax assets	272,084	(57,824)	214,260
Loan, advances and financing			
- Impaired loans, advances and financing	3,253,499	1,384,069	4,637,568



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

A29. Changes in Accounting Policies (continued)

2. FRS 4 Insurance Contract

The Group has changed its accounting policy relating to presentation of insurance liabilities. Prior to 1 January 2010, the insurance liabilities were offset with the recoverable reinsurance assets. Upon adoption of FRS 4: Insurance Contracts, the offsetting was prohibited.

	Balance as at 31 December 2009, as previously reported	Effect of adoption of FRS 4	Adjusted balance as at 1 January 2010, as restated
	RM'000	RM'000	RM'000
<u>Group</u>			
Other assets	706,414	133,676	840,090
Other liabilities	<u>1,646,243</u>	<u>133,676</u>	<u>1,779,919</u>

In addition, the adoption of FRS 4 has resulted in a change in accounting policy relating to the impairment loss on the insurance receivables. Prior to 1 January 2010, an allowance is made for any premiums, including agents' and reinsurers' balances, which remain outstanding for more than six months from the date on which they become receivable, except for outstanding motor premiums for which an allowance is made for amounts outstanding for more than 30 days.

Upon the adoption of FRS 4, if there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in income statement. The objective evidence of impairment is deemed to exist where the insurance receivables is past due for more 90 days or 3 months.

3. Improvement to FRS 117 Leases

Following the adoption of the improvement to FRS 117 Leases, leasehold land in which the Group has substantially all the risks and rewards incidental to ownership has been reclassified retrospectively from operating lease to finance lease. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term.

	Balance as at 31 December 2009, as previously reported	Improvement to FRS 117	Adjusted balance as at 1 January 2010, as restated
	RM'000	RM'000	RM'000
<u>Group</u>			
Property, plant and equipment	827,582	103,569	931,151
Prepaid land lease	<u>103,569</u>	<u>(103,569)</u>	<u>-</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B1. Review of Group Results

For the financial year ended 31 December 2010, the Group recorded a profit before taxation of RM1,899.3 million, 23% higher than the previous financial year of RM1,538.4 million.

The higher profit was mainly due to higher net interest income by RM260.0 million, lower allowance for impairment on loans, advances and financing by RM163.2 million, higher other operating income by RM117.7 million and higher income from Islamic Banking business by RM7.6 million, partly offset by higher impairment losses on other assets by RM114.1 million and higher other operating expenses by RM73.9 million.

B2. Changes in Profit for the Quarter

For the fourth quarter ended 31 December 2010, the Group recorded a profit before taxation of RM523.9 million, 16% higher as compared to RM453.2 million recorded in the preceding quarter ended 30 September 2010. The higher profit was mainly due to lower allowance for impairment on loans, advances and financing by RM108.8 million, higher other operating income by RM28.2 million, lower other operating expenses by RM3.4 million and higher net interest income by RM1.1 million, partly offset by higher impairment losses on other assets by RM68.7 million and lower income from Islamic Banking business by RM1.8 million.

B3. Prospects for the Financial Year Ending 31 December 2011

The recovery in the domestic economy is expected to remain robust, with the potential for relatively strong growth to be sustained. The domestic economy has demonstrated resilience, showing a steady growth path to recovery. Amid the favourable growth prospects, the Banking sector is expected to face new business trends due to further normalisation in the monetary policy, shift to debt markets and rising consumer debt level. The retail and capital market activities will continue to be active in the coming year and with the infrastructure being put in place, the Group is well poised to reap the benefits of the continued economic growth in the country. The Group will continue to focus on building up its respective market shares in its core businesses with Islamic Banking and Global Financial Banking continue to grow in size and form an even larger part of the Group's financial performance.

In the Retail Banking space, the introduction of "EASY by RHB" (RHB's simple, fast and paperless community banking initiative) has progressed well, and with over 130 outlets opened to date which enabled the Group to successfully further penetrate the retail market and gain traction in its domestic market position. In addition, the Group has recently launched the RHB-Pos Malaysia Shared Banking Services which will provide banking services for its customers at selected Pos Malaysia outlets nationwide. This partnership is expected to increase RHB's market share in the domestic market.

The Group is also expecting to expand on the Corporate and Investment Banking arm as the Government has launched investments under the Economic Transformation Programme (ETP) with the award of large-scale infrastructure projects. Bonds and equity issues are expected to increase to finance Entry Point Projects (EPP) identified by the Government and more mergers and acquisition in certain selected sectors are expected.

The Group will continue to compete successfully in an increasingly competitive and liberalised environment and achieve a better performance in 2011.

B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group and the Company.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B5. Taxation

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period/year				
- Malaysian income tax	168,995	89,808	524,812	368,921
- Overseas tax	2,256	3,402	3,001	4,363
Deferred tax	(44,129)	5,346	(68,232)	20,882
	127,122	98,556	459,581	394,166
Under/(over) provision in respect of prior years	15,999	(59,378)	11,163	(64,352)
	143,121	39,178	470,744	329,814

The effective tax rate of the Group for the fourth quarter ended 31 December 2010 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

The effective tax rate of the Group for the financial year ended 31 December 2010 was lower than the statutory tax rate mainly due to recognition of deferred tax on unabsorbed tax losses and other temporary differences previously not recognised.

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period/year				
- Malaysian income tax	(6,603)	(8,967)	108,439	39,295
Deferred tax	44	(35)	44	(35)
	(6,559)	(9,002)	108,483	39,260
Under provision in respect of prior years	-	-	25	2,505
	(6,559)	(9,002)	108,508	41,765

The effective tax rate of the Company for the financial year ended 31 December 2010 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B6. Purchase and Sale of Quoted Securities

There were no purchases or sales of quoted securities during the financial year ended 31 December 2010 other than in the ordinary course of business.

B7. Profit on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties during the financial year ended 31 December 2010 other than in the ordinary course of business.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B8. Status of Corporate Proposals (continued)

(a) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma

On 19 October 2009, RHB Investment Bank had on behalf of the Company, announced that the Company will undertake the following proposals:

- (a) proposed acquisition of 80% of the issued and paid up share capital in PT Bank Mestika Dharma ('Bank Mestika') for a total cash consideration of Indonesian Rupiah ('RP') 3,118,300 million (or equivalent to approximately RM1,163 million) ('Proposed Acquisition');
- (b) proposed put and call option for 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Options');
- (c) proposed renounceable rights issue of new ordinary shares of RM1.00 each in RHB Capital ('Shares') to raise gross proceeds of approximately RM1.3 billion ('Proposed Rights Issue'); and
- (d) proposed increase in the authorised share capital of the Company from RM2,500,000,000 comprising 2,500,000,000 RHB Capital shares to RM5,000,000,000 comprising 5,000,000,000 RHB Capital shares ('Proposed Increase In Authorised Share Capital')

(The above are collectively referred to as "Proposals")

The Proposals are subject to the following being obtained:

- (i) approval of BNM for the Proposed Acquisition and Proposed Options;
- (ii) approval of Bank Indonesia ('BI') for the Proposed Acquisition and the Fit and Proper Test mechanism by the Company as governed under BI Regulation No. 5/25/PBI/2003 on Fit and Proper Test;
- (iii) approval of Indonesian Capital Market and Financial Institution Supervisory Board for the proposed IPO of Bank Mestika;
- (iv) approval in-principle from Bursa Malaysia Securities Berhad ('Bursa Securities') for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities;
- (v) approval of the shareholders of the Company at the Extraordinary General Meeting ('EGM') to be convened for the Proposed Rights Issue and the Proposed Increase In Authorised Share Capital; and
- (vi) approvals, waivers and/or consents of any other relevant authorities and/or parties, if required.

In the same announcement, the Company also announced that RHB Venture Capital Sdn Bhd ('RHBVC'), a wholly-owned subsidiary of the Company, had been identified as the entity to hold the investment in Bank Mestika on behalf of the Company pursuant to the Proposed Acquisition and Proposed Options. Accordingly, on 23 October 2009, the Company had assigned all of its right, title, interest, benefit and entitlement and novated all of its obligations and liabilities as follows to RHBVC:

- (i) the conditional sale and purchase agreement dated 19 October 2009 with PT Mestika Benua Mas ('Vendor') ('CSPA') in relation to the Proposed Acquisition;
- (ii) the escrow agreement dated 19 October 2009 with the Vendor and The Hongkong Shanghai Banking Corporation Limited (Jakarta Office), acting as the escrow agent, to facilitate the deposit of an amount equal to 10% of the purchase consideration for the Proposed Acquisition by the Company; and
- (iii) the agreement dated 19 October 2009 with the Vendor in relation to the Proposed Options.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

B8. Status of Corporate Proposals (continued)

(a) Proposed acquisition of 80% of the issued and paid-up share capital in PT Bank Mestika Dharma (continued)

BNM had on 4 January 2010 granted its approval for the Company to acquire up to 89% of the issued and paid-up capital of Bank Mestika, subject to the following conditions:

- (i) the Company is to obtain written confirmation from its auditors on the compliance with Financial Reporting Standards in arriving at the impairment methodology adopted and in respect of any change in equity interest in Bank Mestika; and
- (ii) the sources of funding and funding cost for the additional capital required by Bank Mestika post-acquisition should not exert pressure on the Company and its subsidiaries' capital and financial soundness.

Subsequently, on 9 April 2010, RHB Investment Bank on behalf of the Company had announced on the proposed revision to the utilisation of proceeds arising from the Proposed Rights Issue to among others, repay the borrowings to finance the Proposed Acquisition in view of the Proposed Acquisition is likely to be completed prior to the completion of the Proposed Rights Issue.

As announced on 22 April 2010, Bursa Securities had, vide its letter dated 20 April 2010, approved the listing and quotation of up to 1,300,000,000 new ordinary shares of RM1.00 each in RHB Capital to be issued pursuant to the Proposed Rights Issue subject to the condition as stated therein. Bursa Securities had further on 13 December 2010, granted the Company an extension of time until 19 April 2011 to complete the implementation of the Proposed Rights Issue.

The shareholders of the Company had also at the EGM of the Company held on 19 May 2010, approved the Proposed Rights Issue and the Proposed Increase In Authorised Share Capital.

As announced on 19 July 2010, RHBVC and the Vendor had on 16 July 2010, by way of an exchange of letters, mutually agreed to extend the period to satisfy or waive the conditions precedent based on the terms of the CSPA (Long Stop Date) as expired on 16 July 2010 to 19 April 2011.

The Company further announced on 20 December 2010 that RHBVC had subsequently on 17 December 2010, assigned all of its rights, title, interest, benefit and entitlement and novated all of its obligation and liabilities as contained in the Transaction Agreements to RHB Bank. RHB Bank had on 20 December 2010, submitted the relevant applications to BI and BNM as the acquirer for the Proposed Acquisition and Proposed Options. BNM had on 31 January 2011, granted its approval to RHB Bank for the Proposed Acquisition.

None of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders under the Proposed Rights Issue and their rights to apply for excess Rights Shares which are also available to all other shareholders of the Company.

The Proposed Acquisition, Proposed Rights Issue and Proposed Options did not have any material effect on the earnings of the Group for the financial year ended 31 December 2010. The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities

	Group	
	As at	As at
	31 Dec 2010	31 Dec 2009
	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	93,955,320	84,189,557
- more than one year	478,508	651,508
	<u>94,433,828</u>	<u>84,841,065</u>
Deposits and placements of banks and other financial institutions		
- one year or less	9,481,671	6,751,343
- more than one year	584,486	664,682
	<u>10,066,157</u>	<u>7,416,025</u>

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Unsecured:				
Revolving credits	724,422	646,000	815,449	648,800
Overdrafts	-	1,357	-	1,357
Term loans - RM	800,807	800,000	1,062,581	1,060,000
Term loan - USD	819,362	958,720	-	-
RM600 million 6 years				
Serial Fixed Rate Bonds	310,238	449,147	310,238	449,147
RM350 million				
Fixed Rate Bonds	354,111	345,448	354,111	345,448
RM150 million 7 years				
Commercial Papers	74,000	74,000	74,000	74,000
RM1.1 billion 7 years				
Commercial Papers/Medium				
Term Notes	981,383	555,000	981,383	555,000
	<u>4,064,323</u>	<u>3,829,672</u>	<u>3,597,762</u>	<u>3,133,752</u>
Schedule repayment of borrowings:				
Within one year	1,496,088	1,842,717	1,765,712	1,794,157
One year to three years	1,682,477	845,755	1,482,050	904,595
Three years to five years	550,428	768,840	350,000	435,000
Over five years	335,330	372,360	-	-
	<u>4,064,323</u>	<u>3,829,672</u>	<u>3,597,762</u>	<u>3,133,752</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings, Subordinated Obligations and Hybrid Tier-1 Capital Securities (continued)

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,305,699	1,300,000
5.5% RM700 million Tier II subordinated notes 2007/2022	703,375	700,000
5.0% RM700 million Tier II subordinated notes 2010/2020	706,137	-
5.6% RM300 million Tier II subordinated notes 2010/2025	302,946	-
5.3% RM200 million Tier II subordinated notes 2007/2017	200,639	195,000
5.5% RM45 million Tier II subordinated notes 2008/2018	45,488	45,000
	<u>3,264,284</u>	<u>2,240,000</u>

The subordinated obligations constitute unsecured liabilities of the commercial bank and investment bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital for the purpose of determining the capital adequacy ratios of the respective banking subsidiaries.

(d) Hybrid Tier-1 Capital Securities

	Group	
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
RM370 million 8.00% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 9.00% in 2019	374,769	366,996
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,624	225,000
	<u>600,393</u>	<u>591,996</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

B10. Derivatives Financial Instruments

Details of derivative financial instruments outstanding as at 31 December 2010 are as follows:

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

Group	As at 31 Dec 2010			As at 31 Dec 2009		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
By type						
Foreign exchange related contracts						
- forwards	3,333,922	23,043	80,647	3,130,993	17,243	32,704
- swaps	7,666,945	135,533	65,471	5,930,615	35,563	30,204
- options	190,715	797	760	167,251	701	660
- spots	3,014,188	1,048	1,922	906,263	2,018	1,361
- cross-currency	1,245,502	12,860	11,121	1,378,209	22,534	20,695
Subtotal	15,451,272	173,281	159,921	11,513,331	78,059	85,624
Interest rate related contracts						
- futures	140,000	-	793	990,000	-	6,499
- swaps	13,047,782	137,624	92,990	10,642,976	143,370	140,231
Subtotal	13,187,782	137,624	93,783	11,632,976	143,370	146,730
Commodity contracts						
- forwards	17,628	-	-	-	-	-
Subtotal	17,628	-	-	-	-	-
Total	28,656,682	310,905	253,704	23,146,307	221,429	232,354



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

B10. Derivatives Financial Instruments (continued)

Details of derivative financial instruments outstanding as at 31 December 2010 are as follows: (continued)

i) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts

Group	As at 31 Dec 2010			As at 31 Dec 2009		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
By maturity	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contracts						
- Less than 1 year	14,267,825	160,899	148,912	10,094,034	55,215	64,663
- 1 year to 3 years	61,850	402	-	49,697	800	749
- More than 3 years	1,121,597	11,980	11,009	1,369,600	22,044	20,212
Subtotal	15,451,272	173,281	159,921	11,513,331	78,059	85,624
Interest rate related contracts						
- Less than 1 year	2,676,825	32,201	9,093	2,716,502	10,707	22,069
- 1 year to 3 years	6,488,460	59,758	47,788	3,563,812	51,249	46,150
- More than 3 years	4,022,497	45,665	36,902	5,352,662	81,414	78,511
Subtotal	13,187,782	137,624	93,783	11,632,976	143,370	146,730
Commodity contracts						
- Less than 1 year	17,628	-	-	-	-	-
Subtotal	17,628	-	-	-	-	-
Total	28,656,682	310,905	253,704	23,146,307	221,429	232,354



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B10. Derivatives Financial Instruments (continued)

ii) Derivative financial instruments classified by remaining period to maturity/next re-pricing date (whichever is earlier) as at 31 December 2010

Group

Items	Principal amount RM'000	1 month or less RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 3 years RM'000	> 3 years RM'000
Foreign exchange related contracts							
- forwards	3,333,922	928,831	1,287,940	812,150	305,001	-	-
- swaps	7,666,945	5,685,732	1,089,701	600,509	291,003	-	-
- options	190,715	125,718	35,146	4,964	24,887	-	-
- spots	3,014,188	3,014,188	-	-	-	-	-
- cross-currency	1,245,502	-	-	-	62,055	61,850	1,121,597
Interest rate related contracts							
- futures	140,000	-	110,000	-	30,000	-	-
- swaps	13,047,782	250,000	370,000	433,875	1,482,950	6,488,460	4,022,497
Commodity contracts							
- forwards	17,628	17,628	-	-	-	-	-
Total	28,656,682	10,022,097	2,892,787	1,851,498	2,195,896	6,550,310	5,144,094



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B10. Derivatives Financial Instruments (continued)

iii) Derivative financial instruments classified by remaining period to maturity/next re-pricing date (whichever is earlier) as at latest practicable date, 16 February 2011

Group

Items	Principal amount RM'000	1 month or less RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 3 years RM'000	> 3 years RM'000
Foreign exchange related contracts							
- forwards	3,485,566	1,273,542	1,383,572	559,440	269,012	-	-
- swaps	8,986,655	4,201,742	4,015,079	674,737	95,097	-	-
- options	275,330	195,651	46,703	10,992	21,984	-	-
- spots	1,508,920	1,508,768	152	-	-	-	-
- cross-currency	1,208,817	-	-	-	68,743	61,066	1,079,008
Interest rate related contracts							
- futures	140,000	-	110,000	-	30,000	-	-
- swaps	12,884,797	110,605	232,150	1,410,733	832,675	6,530,596	3,768,038
Total	28,490,085	7,290,308	5,787,656	2,655,902	1,317,511	6,591,662	4,847,046



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

B10. Derivatives Financial Instruments (continued)

- iii) Related accounting policies

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

- (a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

- (b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain and loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit and loss (for example, when the forecast sale that is hedged takes place).

- (c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B11. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised profit or losses of the Group and the Company is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The breakdown of retained profits of the Group are as follow:

<u>Group</u>	As at 31 December 2010		
	Realised	Unrealised	Total
	Profits/(Losses)	Profits	
	RM'000	RM'000	RM'000
Operating subsidiaries	3,791,337	630,775	4,422,112
Dormant subsidiaries*	(7,929,534)	-	(7,929,534)
Total retained profits of the Group	(4,138,197)	630,775	(3,507,422)
Total share of retained profits from joint venture	1,149	-	1,149
	<u>(4,137,048)</u>	<u>630,775</u>	<u>(3,506,273)</u>
Less: Consolidation adjustments			6,254,065
Total Group retained profits as per consolidated accounts			<u><u>2,747,792</u></u>

<u>Group</u>	As at 30 September 2010		
	Realised	Unrealised	Total
	Profits/(Losses)	Profits	
	RM'000	RM'000	RM'000
Operating subsidiaries	3,636,193	598,029	4,234,222
Dormant subsidiaries*	(7,794,419)	-	(7,794,419)
Total retained profits of the Group	(4,158,226)	598,029	(3,560,197)
Total share of retained profits from joint venture	924	-	924
	<u>(4,157,302)</u>	<u>598,029</u>	<u>(3,559,273)</u>
Less: Consolidation adjustments			6,119,832
Total Group retained profits as per consolidated accounts			<u><u>2,560,559</u></u>

* The realised losses relate mainly to dormant subsidiaries which are currently in the process of being liquidated.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B11. Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements (continued)

The breakdown of retained profits of the Company are as follow:

<u>Company</u>	As at 31 Dec 2010 RM'000	As at 30 Sept 2010 RM'000
Total retained profits of the Company:		
- Realised profits	1,227,815	1,248,943
- Unrealised losses	(25)	19
	<u>1,227,790</u>	<u>1,248,962</u>

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

On 20 December 2010, the Malaysian Institute of Accountants issued Guidance on Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements. Accordingly, the Group views translation gains or losses on monetary items as realised as it is incurred in the ordinary course of business.

The disclosure above does not affect or alter the existing divisible profit rule in Malaysia. Likewise, this shall not be applied to address or interpret any legal matters regarding the availability of profit for distribution to shareholders. Listed corporations are required to observe the existing requirements in the Malaysia legal framework in dealing with matters related to distribution of profits to shareholders.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

B12. Material Litigation

(a) Carta Bintang Sdn Bhd

On 19 October 2001, the Company filed a Writ of Summons at the High Court of Malaya in Kuala Lumpur ('High Court') against CBSB, the vendor of SJ Securities, for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale of shares agreement dated 7 November 2000 in respect of 60 million shares in SJ Securities ('Sale Shares').

On 26 November 2001, CBSB's solicitors served the Defence and Counterclaim on the Company's solicitors. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

On 22 November 2002, the Deputy Registrar of the High Court granted a summary judgment in favour of the Company for CBSB to return the Deposit to the Company and a summary judgment in favour of CBSB for the Company to return the share certificates and transfer forms in respect of the Sale Shares to CBSB. However, CBSB's claim for damages was dismissed.

Both parties had subsequently filed their respective appeals against the decision of the Deputy Registrar and on 7 August 2003, the Learned High Court Judge dismissed the respective appeals of the Company and CBSB and affirmed the Deputy Registrar's decision.

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge (Please refer to A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim). On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms. Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. The Federal Court had on 12 May 2010 allowed the applications for leave to appeal filed by both parties. During the hearing of the appeals at the Federal Court on 18 January 2011, the Federal Court had directed that the CBSB's appeal against the High Court decision on the claim for damages and the Company's appeal against the High Court decision on the return of share certificates and transfer forms be re-heard by the Court of Appeal and further directed that CBSB's appeal to the Federal Court against the Court of Appeal decision on the return of the Deposit to be kept in

The above material litigation is not expected to have any material adverse effect on the financial results of the Group.



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

B13. Dividends Declared

- (a) A proposed gross final dividend of 21.38% less 25% income tax has been proposed for the current financial year:
- (i) Amount per share: 21.38% less 25% income tax
 - (ii) Previous corresponding quarter: Final dividend of 17.45% less 25% income tax
 - (iii) Entitlement date: to be announced later
 - (iv) Payment date: to be announced later
- (b) The total gross dividend per share for the current financial year:
- (i) Interim dividend of 5.00% less 25% income tax
 - (ii) Proposed final dividend of 21.38% less 25% income tax

	4th quarter ended		Twelve months ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
B14. Earnings per Share				
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>380,145</u>	<u>336,384</u>	<u>1,420,258</u>	<u>1,201,363</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,153,475</u>	<u>2,153,475</u>	<u>2,153,475</u>	<u>2,153,475</u>
Basic/diluted earnings per share (sen)	<u>17.7</u>	<u>15.6</u>	<u>66.0</u>	<u>55.8</u>

There were no dilutive potential ordinary shares outstanding as at 31 December 2010. As a result, the diluted earnings per share equal to the basic earnings per share for the financial year ended 31 December 2010.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company Secretary

22 February 2011