

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

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

	Note	Group		Bank	
		Unaudited	Audited	Unaudited	Audited
		As at 31.03.2010 RM'000	As at 31.12.2009 RM'000	As at 31.03.2010 RM'000	As at 31.12.2009 RM'000
ASSETS					
Cash and short-term funds		1,792,721	1,449,186	1,680,630	1,409,767
Deposits and placements with banks and other financial institutions		350,120	360,120	350,120	360,120
Financial assets held-for-trading	8	184,257	677,852	183,458	675,493
Financial investments available-for-sale	9	2,788,522	2,449,706	2,787,807	2,448,485
Financial investments held-to-maturity	10	205,172	206,241	205,172	206,241
Loans and advances	11	60,965	60,158	60,965	60,158
Clients' and brokers' balances		447,952	249,667	447,952	249,667
Other assets	12	70,452	64,880	52,429	55,409
Derivative assets		23,293	25,870	23,293	25,870
Tax recoverable		970	1,102	518	168
Deferred tax assets		3,448	5,974	3,000	5,466
Statutory deposits		23,591	27,291	23,591	27,291
Investments in subsidiaries		-	-	58,270	58,270
Investment in a joint venture		25,120	25,976	27,399	27,399
Property, plant and equipment		12,024	12,763	10,289	10,857
Goodwill		172,844	172,844	159,280	159,280
TOTAL ASSETS		6,161,451	5,789,630	6,074,173	5,779,941
LIABILITIES AND EQUITY					
Deposits from customers	13	3,229,763	3,219,748	3,229,763	3,219,748
Deposits and placements of banks and other financial institutions	14	1,174,105	1,085,570	1,174,105	1,085,570
Clients' and brokers' balances		556,128	401,857	556,128	401,857
Other liabilities	15	155,787	58,289	70,698	50,322
Derivative liabilities		29,374	34,764	29,374	34,764
Taxation		1,889	1,916	-	-
Subordinated obligations		245,000	245,000	245,000	245,000
TOTAL LIABILITIES		5,392,046	5,047,144	5,305,068	5,037,261
Ordinary share capital		263,646	263,646	263,646	263,646
Reserves		505,759	478,840	505,459	479,034
TOTAL EQUITY		769,405	742,486	769,105	742,680
TOTAL LIABILITIES AND EQUITY		6,161,451	5,789,630	6,074,173	5,779,941
COMMITMENTS AND CONTINGENCIES	22	3,121,310	3,188,262	3,121,310	3,188,262

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

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

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

	Note	<u>Group</u> <u>Individual Quarter</u>		<u>Bank</u> <u>Individual Quarter</u>	
		Current Financial Quarter Ended	Preceding Corresponding Quarter Ended	Current Financial Quarter Ended	Preceding Corresponding Quarter Ended
		31.03.2010 RM'000	31.03.2009 RM'000	31.03.2010 RM'000	31.03.2009 RM'000
Interest income	16	53,222	68,728	53,107	68,602
Interest expense	17	<u>(35,241)</u>	<u>(44,474)</u>	<u>(35,241)</u>	<u>(44,474)</u>
Net interest income		17,981	24,254	17,866	24,128
Other operating income	18	<u>53,992</u>	<u>26,067</u>	<u>45,580</u>	<u>19,653</u>
		71,973	50,321	63,446	43,781
Other operating expenses	19	<u>(44,389)</u>	<u>(32,306)</u>	<u>(38,434)</u>	<u>(25,591)</u>
Operating profit before impairment		27,584	18,015	25,012	18,190
Allowance for impairment on loans, advances and other losses	20	357	(179)	357	(179)
Impairment losses on financial investments		<u>(482)</u>	<u>519</u>	<u>-</u>	<u>519</u>
		27,459	18,355	25,369	18,530
Share of results in a joint venture		<u>33</u>	<u>143</u>	<u>-</u>	<u>-</u>
Profit before taxation		27,492	18,498	25,369	18,530
Taxation		<u>(6,814)</u>	<u>(4,568)</u>	<u>(6,342)</u>	<u>(4,633)</u>
Net profit for the financial period		<u>20,678</u>	<u>13,930</u>	<u>19,027</u>	<u>13,897</u>
Earnings per share (sen)					
- basic		<u>7.8</u>	<u>5.3</u>	<u>7.2</u>	<u>5.3</u>

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

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

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

	Group		Bank	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
Note	Current Financial Quarter Ended 31.03.2010 RM'000	Preceding Corresponding Quarter Ended 31.03.2009 RM'000	Current Financial Quarter Ended 31.03.2010 RM'000	Preceding Corresponding Quarter Ended 31.03.2009 RM'000
Net profit for the financial period	20,678	13,930	19,027	13,897
Other comprehensive income/(loss):				
Currency translation differences	(1,157)	817	-	-
Financial investments available-for-sale ('AFS')				
- Unrealised net gain/(loss) on revaluation	7,514	(16,604)	7,514	(16,604)
- Net transfer to income statement on disposal or impairment	(9,642)	(1,078)	(9,642)	(1,078)
Income tax relating to components of other comprehensive income	532	4,421	532	4,421
Other comprehensive loss for the financial period	(2,753)	(12,444)	(1,596)	(13,261)
Total comprehensive income for the financial period	17,925	1,486	17,431	636

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

RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2010

<u>Group</u>	← Attributable to equity holders of the Bank →					Total RM'000
	Share capital RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
Balance as at 1 January 2010						
- As previously stated	263,646	278,549	(2,477)	(19,684)	222,452	742,486
- Effect of adoption of FRS 139	-	-	-	8,994	-	8,994
- As restated	263,646	278,549	(2,477)	(10,690)	222,452	751,480
Net profit for the financial period	-	-	-	-	20,678	20,678
Other comprehensive loss for the financial period	-	-	(1,157)	(1,596)	-	(2,753)
Total comprehensive income/(loss) for the financial period	-	-	(1,157)	(1,596)	20,678	17,925
Balance as at 31 March 2010	263,646	278,549	(3,634)	(12,286)	243,130	769,405
Balance as at 1 January 2009	263,646	278,549	(1,542)	7,731	169,716	718,100
Net profit for the financial period	-	-	-	-	13,930	13,930
Other comprehensive income/(loss) for the financial period	-	-	817	(13,261)	-	(12,444)
Total comprehensive income/(loss) for the financial period	-	-	817	(13,261)	13,930	1,486
Balance as at 31 March 2009	263,646	278,549	(725)	(5,530)	183,646	719,586

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RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2010

<u>Bank</u>	←	Non-distributable		→	Distributable	
	Share capital RM'000	Statutory reserves RM'000	AFS reserves RM'000		Retained profits RM'000	Total RM'000
Balance as at 1 January 2010						
- As previously stated	263,646	278,549	(19,684)		220,169	742,680
- Effect of adoption of FRS 139	-	-	8,994		-	8,994
- As restated	263,646	278,549	(10,690)		220,169	751,674
Net profit for the financial period	-	-	-		19,027	19,027
Other comprehensive loss for the financial period	-	-	(1,596)		-	(1,596)
Total comprehensive income/(loss) for the financial period	-	-	(1,596)		19,027	17,431
Balance as at 31 March 2010	263,646	278,549	(12,286)		239,196	769,105
Balance as at 1 January 2009	263,646	278,549	7,731		169,098	719,024
Net profit for the financial period	-	-	-		13,897	13,897
Other comprehensive loss for the financial period	-	-	(13,261)		-	(13,261)
Total comprehensive income/(loss) for the financial period	-	-	(13,261)		13,897	636
Balance as at 31 March 2009	263,646	278,549	(5,530)		182,995	719,660

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

RHB INVESTMENT BANK BERHAD (19663-P)
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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2010

	Three months ended	
	31.03.2010	31.03.2009
	RM '000	RM '000
Group		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,492	18,498
Adjustment for non-cash items	(51,451)	(20,977)
Operating loss before changes in working capital	(23,959)	(2,479)
Changes in working capital:		
Net changes in operating assets	(845,568)	609,800
Net changes in operating liabilities	347,741	(437,257)
Cash (used in)/generated from operations	(521,786)	170,064
Taxation paid	(6,896)	(7,687)
Taxation recovered	246	2
Net cash (used in)/generated from operating activities	(528,436)	162,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of financial investments held-to-maturity	462	483
Net sale/(purchase) of financial investments available-for-sale	841,482	(429,484)
Interest received from financial investments held-to-maturity	913	1,113
Interest received from financial investments available-for-sale	28,829	758
Property, plant and equipment:		
- Purchase	(604)	(1,612)
- Proceeds from disposal	-	2
Dividend income	-	5
Net cash generated from/(used in) investing activities	871,082	(428,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	342,646	(266,356)
Effects of exchange rate differences	889	(461)
Cash and cash equivalents		
- at the beginning of the financial period	1,449,186	1,354,445
- at the end of the financial period	1,792,721	1,087,628
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,792,721	1,087,628

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

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

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

	Three months ended	
	31.03.2010	31.03.2009
	RM '000	RM '000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,369	18,530
Adjustment for non-cash items	(51,499)	(21,009)
Operating loss before changes in working capital	(26,130)	(2,479)
Changes in working capital:		
Net changes in operating assets	(837,524)	607,686
Net changes in operating liabilities	270,620	(444,756)
Cash (used in)/generated from operations	(593,034)	160,451
Taxation paid	(6,692)	(7,507)
Net cash (used in)/generated from operating activities	(599,726)	152,944
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale of financial investments held-to-maturity	462	483
Net sale/(purchase) of financial investments available-for-sale	840,977	(429,374)
Interest received from financial investments held-to-maturity	913	1,113
Interest received from financial investments available-for-sale	28,829	758
Property, plant and equipment:		
- Purchase	(592)	(1,520)
- Proceeds from disposal	-	1
Dividend income	-	5
Net cash generated from/(used in) investing activities	870,589	(428,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	270,863	(275,590)
Cash and cash equivalents		
- at the beginning of the financial period	1,409,767	1,317,411
- at the end of the financial period	1,680,630	1,041,821
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	1,680,630	1,041,821

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

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

1 Basis of Preparation

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

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

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

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material financial effects to the Group and the Bank, other than the effects and change in accounting policies arising from the adoption of FRS 139 as disclosed in Note 23.

2 Audit Report

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

3 Seasonal or Cyclical Factors

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

4 Exceptional or Extraordinary Items

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

5 Changes in Estimates

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

6 Changes in Debt and Equity Securities

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

7 Dividends Paid

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

RHB INVESTMENT BANK BERHAD (19663-P)
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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (cont'd)

8 Financial Assets Held-For-Trading

	Group		Bank	
	Unaudited As at 31.03.2010	Audited As at 31.12.2009	Unaudited As at 31.03.2010	Audited As at 31.12.2009
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government Securities	20,094	49,775	20,094	49,775
Negotiable instruments of deposits	51,544	452,193	51,544	452,193
<u>Quoted securities:</u>				
<u>Outside Malaysia</u>				
Shares	799	2,359	-	-
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Private debt securities	111,820	173,525	111,820	173,525
	184,257	677,852	183,458	675,493

9 Financial Investments Available-For-Sale

	Group		Bank	
	Unaudited As at 31.03.2010	Audited As at 31.12.2009	Unaudited As at 31.03.2010	Audited As at 31.12.2009
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government Investment Issue	220,483	120,542	220,483	120,542
Malaysian Government Securities	1,092,326	652,863	1,092,326	652,863
Khazanah bonds	11,368	11,179	11,368	11,179
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	33	30	33	30
Corporate loan stocks	1,095	935	1,095	935
<u>Unquoted securities:</u>				
<u>In Malaysia</u>				
Shares	15,392	2,200	15,392	2,200
Private debt securities	1,426,448	1,640,074	1,426,448	1,640,074
Corporate loan stocks	20,662	20,662	20,662	20,662
<u>Outside Malaysia</u>				
Corporate loan stocks	715	1,221	-	-
	2,788,522	2,449,706	2,787,807	2,448,485

The carrying value of financial investments available-for-sale as at 31 March 2010, which was transferred from financial assets held-for-trading and financial investments held-to-maturity for the Group and the Bank are RM924,779,552 (31.12.2009: RM1,038,472,000) and RM13,192,000 (31.12.2009: Nil) respectively.

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

10 Financial Investments Held-To-Maturity

	Group and Bank	
	Unaudited As at 31.03.2010	Audited As at 31.12.2009
At amortised cost	RM'000	RM'000
<u>Money market instruments:</u>		
Malaysian Government Securities	44,678	44,647
<u>Unquoted Securities:</u>		
<u>In Malaysia</u>		
Bonds	23	23
Prasarana bonds	99,265	99,180
Private debt securities	139,576	140,761
	283,542	284,611
Accumulated impairment losses	(78,370)	(78,370)
	205,172	206,241

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

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

11 Loans and Advances

(i) By type

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
At amortised cost		
Share margin financing	59,922	59,004
Staff loans	3,040	3,161
	<u>62,962</u>	<u>62,165</u>
Gross loans and advances	62,962	62,165
Allowance for impaired loans and advances		
- collective assessment allowance	(928)	-
- individual assessment allowance	(1,069)	-
- general allowance	-	(916)
- specific allowance	-	(1,091)
	<u>-</u>	<u>(1,091)</u>
Net loans and advances	60,965	60,158

(ii) By type of customer

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
Domestic non-bank financial institutions		
- others	8,822	7,720
Individuals	53,089	53,372
Foreign entities	1,051	1,073
	<u>62,962</u>	<u>62,165</u>

(iii) By interest rate sensitivity

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
Fixed rate		
- Other fixed rate loans/financing	62,962	62,165
	<u>62,962</u>	<u>62,165</u>

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

11 Loans and Advances (cont'd)

(iv) By Purpose

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	59,922	59,004
Purchase of transport vehicles	437	509
Purchase of landed property:		
- Residential	2,603	2,652
	<u>62,962</u>	<u>62,165</u>

(v) By remaining contractual maturities

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	<u>RM'000</u>	<u>RM'000</u>
Maturity within one year	59,958	59,010
One year to three years	393	468
Three years to five years	162	153
Over five years	2,449	2,534
	<u>62,962</u>	<u>62,165</u>

(vi) Impaired Loans and Advances

(a) Movements in impaired loans and advances

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	<u>RM'000</u>	<u>RM'000</u>
Balance as at the beginning of financial period/year	1,183	66,425
Amount vested over to RHB Bank Berhad	-	(67,279)
Classified as impaired during the financial period/year	-	3,150
Amount recovered	(24)	(1,113)
Balance as at the end of financial period/year	<u>1,159</u>	<u>1,183</u>

(b) By purpose

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	<u>RM'000</u>	<u>RM'000</u>
Purchase of securities	<u>1,159</u>	<u>1,183</u>

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

11 Loans and Advances (cont'd)

(vi) Impaired Loans and Advances (cont'd)

(c) Movements in allowances for impaired loans and advances

	Group and Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
Collective assessment allowance		
Balance as at the beginning of financial period/year	-	-
- As previously stated	-	-
- Effect of adoption of FRS 139	916	-
- As restated	916	-
Net allowance made	12	-
Balance as at the end of financial period/year	928	-
Individual assessment allowance		
Balance as at the beginning of financial period/year	-	-
- As previously stated	-	-
- Effect of adoption of FRS 139	1,091	-
- As restated	1,091	-
Allowance made	2	-
Amount recovered	(24)	-
Balance as at the end of financial period/year	1,069	-
General Allowance		
Balance as at the beginning of financial period/year	-	-
- As previously stated	916	8,296
- Effect of adoption of FRS 139	(916)	-
- As restated	-	8,296
Net allowance written back	-	(7,380)
Balance as at the end of financial period/year	-	916
As % of gross loans and advances less specific allowance	-	1.50%
Specific allowance		
Balance as at the beginning of financial period/year	-	-
- As previously stated	1,091	44,909
- Effect of adoption of FRS 139	(1,091)	-
- As restated	-	44,909
Amount vested over to RHB Bank Berhad	-	(14,204)
Allowance written back	-	(56)
Amount recovered	-	(1,260)
Amount transferred to accumulated impairment loss in value of financial investments	-	(28,298)
Balance as at the end of financial period/year	-	1,091

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

12 Other Assets

	Group		Bank	
	Unaudited As at 31.03.2010	Audited As at 31.12.2009	Unaudited As at 31.03.2010	Audited As at 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Amount due from ultimate holding body	-	785	-	-
Amount due from immediate holding company	248	500	200	500
Amounts due from subsidiaries	-	-	278	1,353
Amounts due from related companies	1,943	1,601	47	39
Other debtors, deposits and prepayments	33,099	30,299	19,786	21,822
Accrued interest receivable	35,162	31,695	32,118	31,695
	70,452	64,880	52,429	55,409

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

13 Deposits from Customers

(i) By type of deposits

	Group and Bank	
	Unaudited As at 31.03.2010 RM'000	Audited As at 31.12.2009 RM'000
Call money	85,242	96,245
Fixed deposits	2,415,332	2,186,825
Short term deposits	729,189	936,678
	3,229,763	3,219,748

(ii) By type of customer

	Group and Bank	
	Unaudited As at 31.03.2010 RM'000	Audited As at 31.12.2009 RM'000
Federal government and statutory bodies	340,500	145,900
Business enterprises	2,889,263	3,073,848
	3,229,763	3,219,748

(iii) By maturity structure of the fixed and short term deposits

	Group and Bank	
	Unaudited As at 31.03.2010 RM'000	Audited As at 31.12.2009 RM'000
Due within six months	3,143,131	3,017,033
Six months to one year	1,390	106,470
	3,144,521	3,123,503

14 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	Unaudited As at 31.03.2010 RM'000	Audited As at 31.12.2009 RM'000
Licensed banks	51,553	22,767
Bank Negara Malaysia ('BNM')	40,000	-
Other financial institutions	1,082,552	1,062,803
	1,174,105	1,085,570

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

15 Other Liabilities

	Group		Bank	
	Unaudited As at 31.03.2010	Audited As at 31.12.2009	Unaudited As at 31.03.2010	Audited As at 31.12.2009
	RM'000	RM'000	RM'000	RM'000
Accrued interest payable	17,668	12,352	17,671	12,352
Amounts due to related companies	10,177	1,871	7,230	1,704
Amount due to immediate holding company	1,449	1,233	669	527
Amounts due to subsidiaries	-	-	1,291	4
Amount payable for creation of units due to funds	278	350	-	-
Amount payable for redemption units	79,680	463	-	-
Remisiers' trust deposits	7,967	7,965	7,967	7,965
Accrued personnel costs	5,323	11,666	4,280	8,550
Other creditors and accruals	33,245	22,389	31,590	19,220
	155,787	58,289	70,698	50,322

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

16 Interest Income

	Group		Bank	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,318	7,301	1,318	7,301
Money at call and deposit placements with banks and other financial institutions	12,325	7,308	12,209	7,182
Financial assets held-for-trading	3,460	21,871	3,460	21,871
Financial investments available-for-sale	29,193	27,232	29,193	27,232
Financial investments held-to-maturity	1,528	1,719	1,528	1,719
Others	5,398	3,297	5,399	3,297
	53,222	68,728	53,107	68,602

17 Interest Expense

	Group and Bank	
	<u>Individual Quarter</u>	
	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,621	15,892
Deposits from customers	21,253	22,418
Subordinated obligations	3,224	3,224
Others	5,143	2,940
	35,241	44,474

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

18 Other Operating Income

	<u>Group</u>		<u>Bank</u>	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009
	RM'000	RM'000	RM'000	RM'000
a) Fee Income:				
Brokerage	21,195	8,807	21,195	8,807
Fund management fees	6,229	4,010	-	-
Fee on loans and advances	655	491	655	491
Corporate advisory fees	2,488	2,150	2,488	2,150
Guarantee fees	-	728	-	728
Underwriting fees	8,905	4,930	8,905	4,930
Unit trust fee income	144	591	-	-
Other fee income	1,182	6,434	268	4,726
	40,798	28,141	33,511	21,832
b) Net gain/(loss) arising on financial assets held-for-trading				
- net gain/(loss) on disposal	903	7,362	(57)	7,362
- unrealised revaluation loss	(288)	(4,152)	(392)	(4,281)
- gross dividend income	-	6	-	6
	615	3,216	(449)	3,087
c) Net gain/(loss) arising on derivatives				
- net loss on disposal	(1,565)	(1,791)	(1,565)	(1,791)
- unrealised revaluation gain/(loss)	2,812	(3,312)	2,812	(3,312)
	1,247	(5,103)	1,247	(5,103)
d) Net gain on disposal of financial investments AFS	9,642	1,078	9,642	1,078
	9,642	1,078	9,642	1,078
e) Net gain/(loss) arising on financial investments held-to-maturity				
- net gain/(loss) on redemption	20	(58)	20	(58)
- gross dividend income	45	-	45	-
	65	(58)	65	(58)
f) Other income:				
Foreign exchange gain/(loss)				
- Realised	438	43	438	43
- Unrealised	1,092	(1,315)	1,031	(1,290)
Gain on disposal of property, plant and equipment	-	4	-	3
Other non-operating income	95	61	95	61
	1,625	(1,207)	1,564	(1,183)
	53,992	26,067	45,580	19,653

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

19 Other Operating Expenses

	Group		Bank	
	<u>Individual Quarter</u>		<u>Individual Quarter</u>	
	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009	Current Financial Quarter Ended 31.03.2010	Preceding Corresponding Quarter Ended 31.03.2009
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	25,630	16,069	20,082	12,096
- Contributions to Employees Provident Fund	3,462	2,521	2,535	1,897
- Other staff related costs	2,006	1,478	1,871	1,443
	31,098	20,068	24,488	15,436
<u>Establishment costs</u>				
- Depreciation	1,343	1,232	1,160	1,057
- Rental of premises	2,237	2,347	1,873	1,944
- Information technology expenses	1,234	947	1,098	846
- Others	1,492	966	1,370	856
	6,306	5,492	5,501	4,703
<u>Marketing expenses</u>				
- Sales commission	214	486	-	-
- Advertisement and publicity	183	418	175	369
- Others	1,926	1,169	1,787	1,063
	2,323	2,073	1,962	1,432
<u>Administration and general expenses</u>				
- Communication expenses	1,312	1,527	1,087	1,402
- Legal and professional fees	161	343	140	257
- Others	3,189	2,803	5,256	2,361
	4,662	4,673	6,483	4,020
	44,389	32,306	38,434	25,591

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

20 Allowance for Impairment on Loans, Advances and Other Losses

	Group and Bank	
	<u>Individual Quarter</u>	
	Current	Preceding
	Financial	Corresponding
	Quarter Ended	Quarter Ended
	31.03.2010	31.03.2009
	<u>RM'000</u>	<u>RM'000</u>
Allowance made/(written back) for impairment - loans and advances:		
Collective assessment allowance	12	-
Individual assessment allowance	(22)	-
Specific allowance	-	(954)
General allowance	-	657
Bad debts recovered	(58)	(22)
(Written back)/allowance made for impairment - other debtors	(289)	498
	<u>(357)</u>	<u>179</u>

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

21 Capital Adequacy

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

The capital adequacy ratios of the Bank are as follows:

	Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
Tier I Capital		
Paid-up share capital	263,646	263,646
Statutory reserves	278,549	278,549
Retained profits	220,169	220,169
	<u>762,364</u>	<u>762,364</u>
Less: Deferred tax assets	1,095	1,095
Goodwill	(159,280)	(159,280)
Total Tier I capital	<u>604,179</u>	<u>604,179</u>
Tier II Capital		
Collective assessment allowance	1,253	-
General allowance	-	1,137
Subordinated obligations	245,000	245,000
Total Tier II capital	<u>246,253</u>	<u>246,137</u>
Less: Investments in subsidiaries	(58,270)	(58,270)
Investment in a joint venture	(27,399)	(27,399)
Securitisation exposures subject to deductions	(25,937)	-
Other deductions *	(360)	(422)
Total capital base	<u><u>738,466</u></u>	<u><u>764,225</u></u>
Capital ratios		
Before proposed dividends:		
Core capital ratio	33.12%	35.58%
Risk-weighted capital adequacy ratio	40.48%	45.01%
After proposed dividends:		
Core capital ratio	22.93%	24.64%
Risk-weighted capital adequacy ratio	<u>28.33%</u>	<u>31.95%</u>

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

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

21 Capital Adequacy (cont'd)

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

	Bank	
	Unaudited	Audited
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
Credit risk	1,128,336	1,118,845
Market risk	260,766	148,681
Operational risk	435,199	430,394
	<u>1,824,301</u>	<u>1,697,920</u>

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

22 Commitments And Contingencies

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

Group and Bank	← Unaudited 31.03.2010 →			← Audited 31.12.2009 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other assets sold with recourse	34,135	34,135	15,133	-	-	-
Forward asset purchases	55,034	55,034	11,007	-	-	-
Obligations under an on-going underwriting agreements	213,797	106,899	31,245	147,660	73,830	21,995
Interest rate related contracts:						
- less than one year	920,000	1,475	295	1,020,000	1,785	357
- one year to less than five years	1,615,000	63,505	12,701	1,735,000	69,635	13,927
- five years and above	195,000	15,687	3,137	195,000	15,686	3,137
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	38	19	7	41	21	7
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provides for automatic cancellation due to deterioration in the borrowers' creditworthiness ^	88,306	-	-	90,561	-	-
Total	3,121,310	276,754	73,525	3,188,262	160,957	39,423

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

^ As a temporary measure to support lending activities of the banking industry:

- a) all banking institutions (Basel I and Basel II) are allowed to apply a 0% credit conversion factor ('CCF'), instead of 50% on the undrawn portion of credit facilities with an original maturity of more than one year, conditional upon the institution undertaking a credit review of the facility at least annually and having the right to withdraw the facility following an unsatisfactory assessment; and
- b) Basel II banking institutions can also apply a 0% CCF (instead of 20%) on the undrawn portion of credit facilities with an original maturity of less than a year.

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

23 Changes in Accounting Policies

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

a Impairment of loans and advances

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

Under FRS 139, the Group and the Bank assess at each balance sheet date whether there is objective evidence that loans and advances 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 and advances, the Group and the Bank first assess whether objective evidence of impairment exists individually for loans and advances that are individually significant, and individually or collectively for loans and advances that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists for an individually assessed loans and advances, whether significant or not, it includes the asset in a group of loans and advances with similar credit risk characteristics and collectively assess them for impairment.

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

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

(i) Individually assessed allowance

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

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

(ii) Collectively assessed allowance

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

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

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

23 Changes in Accounting Policies (cont'd)

a Impairment of loans and advances (cont'd)

(ii) Collectively assessed allowance (cont'd)

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

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

There are no material effects to the Group and the Bank arising from the adoption of loans impairment basis under FRS 139 and the transitional provisions as explained above.

b Recognition of interest income

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

The adoption of the EIR basis has not resulted in any material effect to the financial results of the Group and the Bank.

- (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.

There is no material effect to the results of the Group and the Bank arising from this change in accounting policy.

c Recognition of embedded derivatives

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

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

d Financial investments AFS

During the financial period, the Group and the Bank have reclassified certain financial investments held-to-maturity for investments in equity holdings in organisations which are set up for specific socio-economic reasons to financial investments AFS as allowed under the Revised Guidelines on Financial Reporting for Banking Institutions ('Revised BNM/GP8') when FRS 139 is first applied. Due to the reclassification, such unquoted equity securities are now measured at fair value, with the changes in fair value recognised directly to AFS reserve.

The effect of this reclassification has been accounted for as an adjustment to the opening balance of the AFS reserve of the Group and the Bank amounting to RM8,994,000.

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

24 Changes in Profit for the Quarter

For the three months ended 31 March 2010, the Group recorded a pre-tax profit of RM27.5 million, 52% lower as compared to the pre-tax profit of RM57.1 million for the preceding quarter ended 31 December 2009. The lower profit was mainly due to lower net interest income by RM5.1 million, lower other operating income by RM13.5 million, higher other operating expenses by RM9.9 million and lower reversal on allowance for impairment on loans and advances and other losses by RM8.6 million, partly offset by lower other impairment losses by RM7.5 million.

25 Performance Review

For the three months ended 31 March 2010, the Group recorded a pre-tax profit of RM27.5 million, 49% higher as compared to the previous corresponding quarter ended 31 March 2009 of RM18.5 million. The improved performance was mainly attributable to higher other operating income by RM27.9 million resulting mainly from higher brokerage income and higher net gain from sale of financial investments AFS, partly offset by lower net interest income by RM6.3 million and higher other operating expenses by RM12.1 million.

26 Prospects for the Financial Year Ending 31 December 2010

The Government's proactive efforts in strengthening the Malaysian economy through various stimulus packages has yielded encouraging results. The Malaysian economy is expected to grow by 4.5% to 5.5% in 2010, extending the positive growth momentum from the fourth quarter of 2009. The recent rollout of Malaysia's New Economic Model (NEM) plans is also expected to provide a fresh impetus for the country to enhance and sustain a long term sustainable economic growth.

RHB Investment Bank is confident there will be an increase in capital markets activities towards the second half of the year as major indicators suggest brightening economic prospects ahead. We shall continue to intensify efforts to secure big-ticket deals to maintain our dominance in market share and league table positions. Despite intensified competition in the market, we remain optimistic that the momentum built over the last few years and our strong pipeline of deals will put us in a stronger position to maintain market dominance and face the challenges in the industry.