



RHB Capital Berhad 312952-H
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**UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED 31 MARCH 2010**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the unaudited interim financial results of the Group and Company for the three months ended 31 March 2010 are as follows:

**INCOME STATEMENTS
 FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Note	1st quarter ended		Three months ended	
		31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,075,828	1,083,007	1,075,828	1,083,007
Interest expense	A9	(438,818)	(509,480)	(438,818)	(509,480)
Net interest income		637,010	573,527	637,010	573,527
Other operating income	A10	247,881	213,318	247,881	213,318
		884,891	786,845	884,891	786,845
Income from Islamic Banking business		84,264	60,421	84,264	60,421
Net operating income		969,155	847,266	969,155	847,266
Other operating expenses	A11	(410,594)	(377,499)	(410,594)	(377,499)
Operating profit before allowances		558,561	469,767	558,561	469,767
Allowance for impairment on					
loans, advances and financing	A12	(83,497)	(174,878)	(83,497)	(174,878)
Impairment losses on other assets		(876)	19,954	(876)	19,954
		474,188	314,843	474,188	314,843
Share of results of an associate		11	11	11	11
Share of results of a joint venture		33	143	33	143
Profit before taxation		474,232	314,997	474,232	314,997
Taxation	B5	(121,707)	(84,776)	(121,707)	(84,776)
Net profit for the financial period		352,525	230,221	352,525	230,221
Attributable to:					
- Equity holders of the Company		349,730	228,641	349,730	228,641
- Minority interests		2,795	1,580	2,795	1,580
		352,525	230,221	352,525	230,221
Earnings per share					
- Basic (sen)	B13	16.2	10.6	16.2	10.6
- Diluted (sen)	B13	16.2	10.6	16.2	10.6

This Interim 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 THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	352,525	230,221	352,525	230,221
Other comprehensive income/(loss):				
Currency translation differences	(42,438)	34,636	(42,438)	34,636
Financial investments available-for-sale ('AFS')				
- Unrealised net gain/(loss) on revaluation	14,362	(72,119)	14,362	(72,119)
- Net transfer to income statements on disposal or impairment	1,162	(16,715)	1,162	(16,715)
Income tax relating to components of other comprehensive income	(3,738)	16,716	(3,738)	16,716
Other comprehensive loss for the financial period	(30,652)	(37,482)	(30,652)	(37,482)
Total comprehensive income for the financial period	321,873	192,739	321,873	192,739
Attributable to:				
- Equity holders of the Company	319,051	191,120	319,051	191,120
- Minority interests	2,822	1,619	2,822	1,619
	321,873	192,739	321,873	192,739

This Interim 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 THREE MONTHS ENDED 31 MARCH 2010**

	Note	1st quarter ended		Three months ended	
		31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	70	29	70	29
Interest expense	A9	(34,651)	(36,273)	(34,651)	(36,273)
Net interest expense		(34,581)	(36,244)	(34,581)	(36,244)
Other operating income	A10	541	(252)	541	(252)
Net operating loss		(34,040)	(36,496)	(34,040)	(36,496)
Other operating expenses	A11	(4,463)	(4,348)	(4,463)	(4,348)
Loss before taxation		(38,503)	(40,844)	(38,503)	(40,844)
Taxation	B5	8,660	9,028	8,660	9,028
Net loss for the financial period		(29,843)	(31,816)	(29,843)	(31,816)

This Interim 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 THREE MONTHS ENDED 31 MARCH 2010

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Net loss for the financial period	<u>(29,843)</u>	<u>(31,816)</u>	<u>(29,843)</u>	<u>(31,816)</u>
Other comprehensive income/(loss) for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial period	<u><u>(29,843)</u></u>	<u><u>(31,816)</u></u>	<u><u>(29,843)</u></u>	<u><u>(31,816)</u></u>

This Interim 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 MARCH 2010

		Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
Group			
ASSETS			
Cash and short term funds		12,381,467	16,675,261
Securities purchased under resale agreements		541,106	1,594,210
Deposits and placements with banks and other financial institutions		2,072,301	2,219,270
Financial assets held-for-trading	A13	1,239,025	860,216
Financial investments available-for-sale ('AFS')	A14	10,311,748	9,092,421
Financial investments held-to-maturity	A15	11,813,295	10,980,145
Loans, advances and financing	A16	69,705,241	66,923,091
Clients' and brokers' balances		447,952	249,667
Other assets	A17	835,816	706,414
Derivative assets		272,126	221,429
Statutory deposits		291,905	310,156
Tax recoverable		98,149	92,316
Deferred tax assets		195,976	272,261
Investments in an associate		11,191	11,180
Investments in a joint venture		25,120	25,976
Prepaid land lease		99,782	103,569
Property, plant and equipment		837,597	827,582
Goodwill		3,786,218	3,786,218
Total assets		<u>114,966,015</u>	<u>114,951,382</u>
LIABILITIES AND EQUITY			
Deposits from customers	A18/B9(a)	84,340,558	84,841,065
Deposits and placements of banks and other financial institutions	A19/B9(a)	7,935,773	7,416,025
Bills and acceptances payable		3,186,442	3,802,522
Clients' and brokers' balances		556,128	401,857
Other liabilities	A20	1,795,805	1,646,243
Derivative liabilities		277,226	232,354
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		1,055,893	1,168,826
Taxation		66,410	40,463
Deferred tax liabilities		176	177
Borrowings	B9(b)	3,682,915	3,829,672
Subordinated obligations	B9(c)	2,240,000	2,240,000
Hybrid Tier-1 Capital Securities	B9(d)	592,050	591,996
Total liabilities		<u>105,729,376</u>	<u>106,211,200</u>
Share capital		2,153,475	2,153,475
Reserves		7,047,901	6,554,266
		<u>9,201,376</u>	<u>8,707,741</u>
Minority interests		35,263	32,441
Total equity		<u>9,236,639</u>	<u>8,740,182</u>
Total liabilities and equity		<u>114,966,015</u>	<u>114,951,382</u>
Commitments and Contingencies	A25(a)	<u>63,605,592</u>	<u>67,234,183</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>4.27</u>	<u>4.04</u>

This Interim 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 MARCH 2010**

		Unaudited As at 31 Mar 2010	Audited As at 31 Dec 2009
	Note	RM'000	RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		783	100,919
Deposits and placements with banks and other financial institutions		861	860
Other assets	A17	152,549	153,049
Amounts due from subsidiaries		10,743	10,603
Tax recoverable		73,717	73,717
Deferred tax assets		8,679	19
Investments in subsidiaries		8,785,389	8,785,389
Property, plant and equipment		309	330
Total assets		9,033,030	9,124,886
LIABILITIES AND EQUITY			
Other liabilities	A20	52,988	61,833
Amounts due to subsidiaries		156,857	155,288
Borrowings	B9(b)	3,079,015	3,133,752
Total liabilities		3,288,860	3,350,873
Share capital		2,153,475	2,153,475
Reserves		3,590,695	3,620,538
Total equity		5,744,170	5,774,013
Total liabilities and equity		9,033,030	9,124,886

This Interim 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 THREE MONTHS ENDED 31 MARCH 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
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 period	-	-	-	-	-	-	349,730	349,730	2,795	352,525
Other comprehensive income/(loss) for the financial period	-	-	-	-	11,759	(42,438)	-	(30,679)	27	(30,652)
Total comprehensive income/(loss) for the financial period	-	-	-	-	11,759	(42,438)	349,730	319,051	2,822	321,873
Balance as at										
31 March 2010	<u>2,153,475</u>	<u>2,352,093</u>	<u>2,246,611</u>	<u>8,563</u>	<u>94,118</u>	<u>(50,692)</u>	<u>2,397,208</u>	<u>9,201,376</u>	<u>35,263</u>	<u>9,236,639</u>

This Interim 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 THREE MONTHS ENDED 31 MARCH 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			
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 period	-	-	-	-	-	-	228,641	228,641	1,580	230,221
Other comprehensive income/(loss) for the financial period	-	-	-	-	(72,157)	34,636	-	(37,521)	39	(37,482)
Total comprehensive income/(loss) for the financial period	-	-	-	-	(72,157)	34,636	228,641	191,120	1,619	192,739
Balance as at										
31 March 2009	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,944,654</u>	<u>8,563</u>	<u>(49,372)</u>	<u>23,761</u>	<u>1,572,373</u>	<u>8,005,547</u>	<u>28,132</u>	<u>8,033,679</u>

This Interim 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 THREE MONTHS ENDED 31 MARCH 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 loss for the financial period	-	-	(29,843)	(29,843)
Balance as at 31 March 2010	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,238,602</u>	<u>5,744,170</u>
Balance as at 1 January 2009	2,153,475	2,352,093	1,414,957	5,920,525
Net loss for the financial period	-	-	(31,816)	(31,816)
Balance as at 31 March 2009	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,383,141</u>	<u>5,888,709</u>

This Interim 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 THREE MONTHS ENDED 31 MARCH 2010**

	Three months ended	
	<u>31 Mar 2010</u>	<u>31 Mar 2009</u>
	RM'000	RM'000
Group		
Operating activities		
Profit before taxation	474,232	314,997
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(69,294)</u>	<u>(155,945)</u>
Operating profit before working capital changes	404,938	159,052
Net changes in operating assets	(2,373,353)	3,227,311
Net changes in operating liabilities	<u>(417,705)</u>	<u>(1,289,550)</u>
Cash (used in)/generated from operations	(2,386,120)	2,096,813
Taxation paid	(88,969)	(121,079)
Taxation recovered	2,066	126
Net cash (used in)/generated from operating activities	<u>(2,473,023)</u>	<u>1,975,860</u>
Investing activities		
Purchase of property, plant and equipment	(33,793)	(18,615)
Net purchase of financial investments AFS and held-to-maturity	(1,902,847)	(2,435,032)
Interest received from financial investments AFS and held-to-maturity	193,503	133,857
Investment income received from financial investments AFS and held-to-maturity	23,783	14,560
Dividend income received from financial assets held-for-trading and financial investments AFS and held-to-maturity	883	372
Proceeds from disposal of property, plant and equipment	94	2,522
Net cash used in investing activities	<u>(1,718,377)</u>	<u>(2,302,336)</u>
Financing activities		
Proceeds from issuance of Hybrid Tier-1 Capital Securities	-	366,835
Drawdown of borrowings	65,250	94,500
Repayment of borrowings	(166,710)	(408,585)
Payment to hire-purchase creditors	-	(48)
Net cash (used in)/generated from financing activities	<u>(101,460)</u>	<u>52,702</u>
Net decrease in cash and cash equivalents	(4,292,860)	(273,774)
Cash and cash equivalents		
- at the beginning of the financial period	<u>16,673,904</u>	<u>14,345,581</u>
- at the end of the financial period	<u>12,381,044</u>	<u>14,071,807</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	12,381,467	14,073,364
Overdrafts	(423)	(1,557)
	<u>12,381,044</u>	<u>14,071,807</u>

This Interim 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 THREE MONTHS ENDED 31 MARCH 2010**

	Three months ended	
	31 Mar 2010	31 Mar 2009
<u>Company</u>	RM'000	RM'000
Operating activities		
Loss before taxation	(38,503)	(40,844)
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	34,061	36,556
Operating loss before working capital changes	(4,442)	(4,288)
Net changes in operating assets	177	1,074
Net changes in operating liabilities	(3,386)	(1,718)
Net cash used in operating activities	(7,651)	(4,932)
Investing activities		
Purchase of property, plant and equipment	-	(28)
Interest income received	250	79
Net cash generated from investing activities	250	51
Financing activities		
Drawdown of borrowings	95,600	420,200
Interest expense paid	(37,401)	(45,979)
Repayment of borrowings	(150,000)	(390,000)
Payment to hire-purchase creditors	-	(48)
Net cash used in financing activities	(91,801)	(15,827)
Net decrease in cash and cash equivalents	(99,202)	(20,708)
Cash and cash equivalents		
- at the beginning of the financial period	99,562	19,749
- at the end of the financial period	360	(959)
Cash and cash equivalents comprise the following:		
Cash and short term funds	783	598
Overdrafts	(423)	(1,557)
	360	(959)

This Interim 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 INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the 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 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 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosure
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material financial effects to the Group and the Company, other than the effects and change in accounting policies arising from the adoption of FRS 139 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 three months ended 31 March 2010.

A5. 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.

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 period under review.

A7. Dividends Paid

No dividend has been paid during the three months ended 31 March 2010.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing	815,556	790,699	815,556	790,699
Money at call, deposits and placements with financial institutions	74,740	97,091	74,740	97,091
Securities purchased under resale agreements	5,454	231	5,454	231
Financial assets held-for-trading	4,330	36,801	4,330	36,801
Financial investments AFS	80,582	68,257	80,582	68,257
Financial investments held-to-maturity	89,130	85,560	89,130	85,560
Others	6,036	4,368	6,036	4,368
	1,075,828	1,083,007	1,075,828	1,083,007
Of which:				
Interest income earned on impaired loans, advances and financing	9,371	-	9,371	-
<u>Company</u>				
Money at call, deposits and placements with financial institutions	70	29	70	29



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	22,054	36,154	22,054	36,154
Deposits from customers	311,160	378,521	311,160	378,521
Borrowings	35,219	40,102	35,219	40,102
Subordinated obligations	28,679	28,679	28,679	28,679
Hybrid Tier-1 Capital Securities	11,098	82	11,098	82
Recourse obligation on loans sold to Cagamas	14,181	13,498	14,181	13,498
Others	16,427	12,444	16,427	12,444
	438,818	509,480	438,818	509,480
<u>Company</u>				
Borrowings	34,643	36,261	34,643	36,261
Others	8	12	8	12
	34,651	36,273	34,651	36,273



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income:				
- Service charges and fees	40,674	37,299	40,674	37,299
- Commission	27,396	29,744	27,396	29,744
- Guarantee fees	7,967	8,050	7,967	8,050
- Commitment fees	12,467	11,386	12,467	11,386
- Brokerage	21,195	8,807	21,195	8,807
- Fund management fees	5,797	3,754	5,797	3,754
- Corporate advisory fees	2,288	2,150	2,288	2,150
- Underwriting and arrangement fees	9,394	7,928	9,394	7,928
- Unit trust fee income	144	592	144	592
- Other fee income	4,151	4,440	4,151	4,440
	131,473	114,150	131,473	114,150
Net gain/(loss) arising on financial assets held-for-trading				
- net gain on disposal	2,824	29,251	2,824	29,251
- unrealised gain/(loss) on revaluation	4,754	(466)	4,754	(466)
- gross dividend income	481	424	481	424
	8,059	29,209	8,059	29,209
Net gain/(loss) arising on derivatives				
- net loss on disposal	(1,565)	(1,791)	(1,565)	(1,791)
- unrealised gain on revaluation	4,538	13,227	4,538	13,227
	2,973	11,436	2,973	11,436
Net gain/(loss) arising on financial investments AFS				
- net gain on disposal	25,845	1,452	25,845	1,452
- gross dividend income	448	1	448	1
	26,293	1,453	26,293	1,453
Net gain/(loss) on redemption of financial investments held-to-maturity				
- net gain/(loss) on redemption	20	(58)	20	(58)
- gross dividend income	45	-	45	-
	65	(58)	65	(58)



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income:				
- Foreign exchange gain/(loss)				
- realised	46,517	(35,823)	46,517	(35,823)
- unrealised	3,313	62,743	3,313	62,743
- Underwriting surplus before management expenses	15,988	15,806	15,988	15,806
- Rental income	704	886	704	886
- Net gain on disposal of property, plant and equipment	87	1,326	87	1,326
- Credit card related income	10,946	11,034	10,946	11,034
- Other non-operating income	1,463	1,156	1,463	1,156
	<u>79,018</u>	<u>57,128</u>	<u>79,018</u>	<u>57,128</u>
	<u>247,881</u>	<u>213,318</u>	<u>247,881</u>	<u>213,318</u>
 Company				
Other income:				
- Foreign exchange gain/(loss)				
- unrealised	541	(252)	541	(252)
	<u>541</u>	<u>(252)</u>	<u>541</u>	<u>(252)</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	197,504	180,105	197,504	180,105
- Defined contribution plan	29,726	26,882	29,726	26,882
- Other staff related costs	16,061	14,236	16,061	14,236
	243,291	221,223	243,291	221,223
Establishment costs				
- Information technology expenses	28,109	25,264	28,109	25,264
- Depreciation	21,451	19,043	21,451	19,043
- Repair and maintenance	11,990	11,572	11,990	11,572
- Rental of premises	11,049	9,621	11,049	9,621
- Water and electricity	4,746	4,588	4,746	4,588
- Rental of equipment	2,533	3,387	2,533	3,387
- Insurance	7,840	5,309	7,840	5,309
- Amortisation of prepaid land lease	128	128	128	128
- Others	2,365	1,596	2,365	1,596
	90,211	80,508	90,211	80,508
Marketing expenses				
- Sales commission	943	6,364	943	6,364
- Advertisements and publicity	4,273	6,023	4,273	6,023
- Dealers' handling fee	3,598	2,276	3,598	2,276
- Others	20,105	15,893	20,105	15,893
	28,919	30,556	28,919	30,556
Administration and general expenses				
- Communication expenses	21,064	22,135	21,064	22,135
- Legal and professional fee	4,396	1,832	4,396	1,832
- Others	22,713	21,245	22,713	21,245
	48,173	45,212	48,173	45,212
	410,594	377,499	410,594	377,499



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	2,711	2,468	2,711	2,468
- Defined contribution plan	427	392	427	392
- Other staff related costs	189	522	189	522
	3,327	3,382	3,327	3,382
Establishment costs				
- Rental of premises	300	302	300	302
- Depreciation	21	60	21	60
- Repair and maintenance	50	35	50	35
- Rental of equipment	10	12	10	12
- Water and electricity	13	13	13	13
- Information technology expenses	2	1	2	1
	396	423	396	423
Marketing expenses				
- Advertisements and publicity	-	109	-	109
- Others	139	193	139	193
	139	302	139	302
Administration and general expenses				
- Communication expenses	63	64	63	64
- Legal and professional fee	456	122	456	122
- Others	82	55	82	55
	601	241	601	241
	4,463	4,348	4,463	4,348



**RHB CAPITAL BERHAD (312952 – H)
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	1st quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Impairment on Loans, Advances and Financing				
<u>Group</u>				
Allowance for impaired loans and financing:				
- Individual assessment allowance	38,631	-	38,631	-
- Collective assessment allowance	90,054	-	90,054	-
- Specific allowance	-	203,623	-	203,623
- General allowance	-	(4,157)	-	(4,157)
Impaired loans and financing recovered	(41,398)	(28,238)	(41,398)	(28,238)
Impairment allowance for other debtors	(3,790)	3,650	(3,790)	3,650
	83,497	174,878	83,497	174,878



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 2010	31 Dec 2009
	RM'000	RM'000
A13. Financial Assets Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	60,467	49,775
Malaysian government treasury bills	14,852	-
Malaysian government investment issues	419,185	-
Bank Negara Malaysia ('BNM') monetary notes	345,936	-
Bankers' acceptances and Islamic accepted bills	66,244	-
Negotiable instruments of deposits	51,544	452,193
Singapore government treasury bills	65,258	92,749
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	65,843	54,684
Unit trust	894	863
Outside Malaysia		
Shares	4,018	5,496
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	144,784	204,456
	1,239,025	860,216



**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
A14. Financial Investments Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	3,385,010	2,512,175
Malaysian government investment issues	1,594,155	1,000,660
Cagamas bonds and Cagamas Mudharabah bonds	444,013	444,542
Khazanah bonds	74,942	11,179
Negotiable instruments of deposits	108,267	109,672
Singapore government securities	79,042	83,610
Singapore government treasury bills	149,129	134,262
Thailand government bonds	20,198	20,755
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	14,791	15,612
Shares	6,826	5,689
Outside Malaysia		
Shares	12	11
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	3,922,300	4,374,356
Shares	327,474	168,472
Corporate loan stocks	133,300	133,267
Outside Malaysia		
Private debt securities	51,574	54,209
Corporate loan stocks	715	1,221
Structured notes	-	22,729
	<u>10,311,748</u>	<u>9,092,421</u>

The carrying value of financial investments available-for-sale, which was transferred from financial assets held-for-trading and financial investments held-to-maturity as at 31 March 2010 are RM2,311.6 million (31.12.2009: RM2,558.7 million) and RM13.2 million (31.12.2009: Nil) respectively.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 2010	31 Dec 2009
	RM'000	RM'000
A15. Financial Investments Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	2,979,515	2,387,667
Malaysian government investment issues	1,347,655	1,327,616
Cagamas bonds and Cagamas Mudharabah bonds	779,797	779,550
Khazanah bonds	50,866	34,935
Negotiable instruments of deposits	2,000,000	1,800,000
Singapore government securities	116,123	121,748
Thailand government securities	244,911	237,187
Sukuk (Brunei) Incorporation	46,604	41,538
Singapore government treasury bills	23,302	-
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	2,415,728	2,439,042
Corporate loan stocks	84,072	60,507
Bonds	25,036	25,036
Prasarana bonds	1,852,061	1,852,771
Outside Malaysia		
Floating rate notes	-	28,419
Private debt securities	19,408	20,364
Structured paper	32,797	33,060
	12,017,875	11,189,440
Accumulated impairment losses	(204,580)	(209,295)
	11,813,295	10,980,145

The carrying value of financial investments held-to-maturity, which was transferred from financial assets held-for-trading as at 31 March 2010 is RM27.5 million (31.12.2009: RM28.8 million). The fair value of these financial investments as at 31 March 2010 is RM28.8 million (31.12.2009: RM29.0 million).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	5,983,506	5,989,096
Term loans/financing		
- housing loans/financing	16,026,919	15,510,118
- syndicated term loans/financing	2,776,168	2,899,403
- hire-purchase receivables	11,409,900	11,360,314
- lease receivables	180,642	191,548
- other term loans/financing	24,404,732	21,246,324
Bills receivable	1,350,153	1,238,462
Trust receipts	366,643	381,389
Claims on customers under acceptance credits	4,681,032	4,909,188
Staff loans/financing	363,945	370,422
Credit/charge cards receivables	2,242,871	2,247,498
Revolving credits	4,559,789	4,968,972
	<u>74,346,300</u>	<u>71,312,734</u>
Unearned interest and income	<u>(1,680,708)</u>	<u>(1,677,729)</u>
Gross loans, advances and financing	72,665,592	69,635,005
Allowance for impaired loans and financing		
- collective assessment allowance	(1,599,783)	-
- individual assessment allowance	(1,360,568)	-
- general allowance	-	(954,772)
- specific allowance	-	(1,757,142)
Net loans, advances and financing	<u>69,705,241</u>	<u>66,923,091</u>

Included in term loans are loans sold to Cagamas with recourse amounting to RM1,055,893,000 (31.12.2009: RM1,168,826,000).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited As at 31 Mar 2010	Audited As at 31 Dec 2009
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- others	359,632	377,356
Domestic business enterprises		
- small medium enterprises	11,168,814	11,342,280
- others	19,816,139	19,754,848
Government and statutory bodies	5,900,755	3,764,664
Individuals	30,833,267	29,547,312
Other domestic entities	57,874	12,609
Foreign entities	4,529,111	4,835,936
	<u>72,665,592</u>	<u>69,635,005</u>
(b) By geographical distribution		
In Malaysia	69,247,659	65,990,201
Outside Malaysia		
- Singapore operations	2,866,511	3,068,090
- Thailand operations	398,858	414,566
- Brunei operations	152,564	162,148
	<u>72,665,592</u>	<u>69,635,005</u>
(c) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,461,605	1,501,691
- hire-purchase receivables	9,751,045	9,703,885
- other fixed rate loans/financing	10,195,425	8,129,335
Variable rate		
- base lending rate plus	28,647,030	27,386,890
- cost-plus	17,568,968	18,203,737
- other variable rates	5,041,519	4,709,467
	<u>72,665,592</u>	<u>69,635,005</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	2,810,908	2,408,854
Purchase of transport vehicles	8,344,753	8,225,802
Purchase of landed property:		
- residential	16,537,593	16,002,278
- non-residential	4,122,825	3,943,025
Purchase of property, plant and equipment other than land and building	3,549,456	3,757,180
Personal use	2,035,671	2,081,904
Credit card	2,242,871	2,247,498
Purchase of consumer durables	59,070	61,414
Construction	2,223,311	2,218,554
Working capital	21,789,188	22,217,787
Other purpose	8,949,946	6,470,709
	<u>72,665,592</u>	<u>69,635,005</u>
(e) By remaining contractual maturities		
Maturity within one year	18,847,886	20,552,606
One year to three years	5,312,752	4,832,451
Three years to five years	10,460,090	8,217,320
Over five years	38,044,864	36,032,628
	<u>72,665,592</u>	<u>69,635,005</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 2010	31 Dec 2009
	RM'000	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 period/year		
- As previously stated	3,253,499	2,840,118
- Effect of adoption of FRS 139	1,384,069	-
- As restated	4,637,568	2,840,118
Classified as impaired during the financial period/year	1,024,937	3,871,236
Amount recovered	(108,443)	(396,318)
Reclassified as non-impaired during the financial period/year	(716,559)	(2,502,944)
Amount written off	(130,624)	(559,943)
Exchange difference	(10,401)	1,350
Balance as at the end of the financial period/year	4,696,478	3,253,499
(ii) By purpose		
Purchase of securities	105,811	4,705
Purchase of transport vehicles	241,248	180,867
Purchase of landed property:		
- residential	1,083,487	1,088,996
- non-residential	310,475	167,974
Purchase of property, plant and equipment other than land and building	134,235	114,830
Personal use	95,164	92,830
Credit card	64,660	69,677
Purchase of consumer durables	3,961	3,745
Construction	209,025	105,533
Working capital	2,253,752	1,376,343
Other purpose	194,660	47,999
	4,696,478	3,253,499



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited As at 31 Mar 2010 RM'000	Audited 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	4,531,344	3,072,824
Outside Malaysia		
- Singapore operations	133,342	164,374
- Thailand operations	24,226	8,896
- Brunei operations	7,566	7,405
	<u>4,696,478</u>	<u>3,253,499</u>
(iv) Movements in allowance for impaired loans, advances and financing are as follows:		
<u>Collective assessment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously stated	-	-
- Effect of adoption of FRS 139	1,614,354	-
- As restated	<u>1,614,354</u>	-
Net allowance made	145,786	-
Amount recovered	(55,732)	-
Amount written off	(101,504)	-
Exchange difference	(3,121)	-
Balance as at the end of the financial period/year	<u>1,599,783</u>	<u>-</u>
<u>Individual assessment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously stated	-	-
- Effect of adoption of FRS 139	1,351,202	-
- As restated	<u>1,351,202</u>	-
Allowance made	80,484	-
Amount recovered	(41,853)	-
Amount written off	(24,164)	-
Exchange difference	(5,101)	-
Balance as at the end of the financial period/year	<u>1,360,568</u>	<u>-</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited	Audited
	As at 31 Mar 2010	As at 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>General allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously stated	954,772	1,106,697
- Effect of adoption of FRS 139	(954,772)	-
- As restated	-	1,106,697
	<u>-</u>	<u>1,106,697</u>
Net allowance written back	-	(152,103)
Exchange difference	-	178
Balance as at the end of the financial period/year	<u>-</u>	<u>954,772</u>
<u>Specific allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously stated	1,757,142	1,457,957
- Effect of adoption of FRS 139	(1,757,142)	-
- As restated	-	1,457,957
	<u>-</u>	<u>1,457,957</u>
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 period/year	<u>-</u>	<u>1,757,142</u>

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 31 Mar 2010	As at 31 Dec 2009	As at 31 Mar 2010	As at 31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A17. Other Assets				
Other debtors, deposits and prepayments	529,458	386,134	40,023	40,343
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B8(d))	112,515	112,515	112,515	112,515
Accrued interest receivable	193,843	207,765	11	191
	<u>835,816</u>	<u>706,414</u>	<u>152,549</u>	<u>153,049</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Group	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	18,536,644	18,597,038
Savings deposits	5,826,105	5,663,371
Fixed deposits	59,663,726	60,264,247
Negotiable instruments of deposits	314,083	316,409
	<u>84,340,558</u>	<u>84,841,065</u>
(b) By type of customer		
Government and statutory bodies	7,467,103	6,566,945
Business enterprises	48,558,379	50,519,461
Individuals	25,354,484	25,372,763
Others	2,960,592	2,381,896
	<u>84,340,558</u>	<u>84,841,065</u>
(c) By maturity structure of fixed deposits and negotiable instruments of deposits		
Due within six months	50,368,806	51,127,186
Six months to one year	9,155,585	8,801,962
One year to three years	431,024	645,883
Three years to five years	22,125	5,382
Over five years	269	243
	<u>59,977,809</u>	<u>60,580,656</u>



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	Group	
	Unaudited	Audited
	As at 31 Mar 2010	As at 31 Dec 2009
	RM'000	RM'000
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	4,734,795	4,412,113
Licensed Islamic banks	787,000	802,720
Licensed investment banks	596,000	100,000
BNM	734,941	690,006
Other financial institutions	1,083,037	1,411,186
	<u>7,935,773</u>	<u>7,416,025</u>

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 31 Mar 2010	As at 31 Dec 2009	As at 31 Mar 2010	As at 31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
A20. Other Liabilities				
Accrued interest payable	382,426	357,376	50,416	55,790
Other creditors and accruals	830,958	758,212	2,572	6,043
General insurance fund	355,942	201,169	-	-
Short term employee benefits	66,315	167,572	-	-
Lessee deposits	73,304	74,864	-	-
Prepaid instalment	75,317	76,602	-	-
Remisiers' trust deposits	9,503	8,624	-	-
Amount due to Danaharta	1,762	1,824	-	-
Amount payable for creation of units due to funds	278	-	-	-
	<u>1,795,805</u>	<u>1,646,243</u>	<u>52,988</u>	<u>61,833</u>



**RHB CAPITAL BERHAD (312952 – H)
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A21. Segment Information

Revenue and Results

Three months ended 31 Mar 2010

	Corporate & Investment Banking	Retail Banking	Treasury and Money Market	Islamic Banking Business	International Banking	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
External revenue	268,452	697,812	288,562	84,264	65,873	3,010	-	1,407,973
Intersegment revenue	3,956	4,315	4,473	1,091	884	6,765	(21,484)	-
Segment revenue	<u>272,408</u>	<u>702,127</u>	<u>293,035</u>	<u>85,355</u>	<u>66,757</u>	<u>9,775</u>	<u>(21,484)</u>	<u>1,407,973</u>
Segment results	150,835	277,420	177,417	11,589	16,304	(2,877)	-	630,688
Unallocated expenses								<u>(156,500)</u>
Profit after unallocated expenses								474,188
Share of results of an associate								11
Share of results of a joint venture								33
Profit before taxation								<u>474,232</u>
Taxation								<u>(121,707)</u>
Net profit for the financial period								<u><u>352,525</u></u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

A21. Segment Information (continued)

Revenue and Results

Three months ended 31 Mar 2009

	Corporate & Investment Banking	Retail Banking	Treasury and Money Market	Islamic Banking Business	International Banking	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>								
External revenue	232,456	688,303	292,964	60,421	81,071	1,531	-	1,356,746
Intersegment revenue	4,568	3,886	3,365	121	771	8,222	(20,933)	-
Segment revenue	<u>237,024</u>	<u>692,189</u>	<u>296,329</u>	<u>60,542</u>	<u>81,842</u>	<u>9,753</u>	<u>(20,933)</u>	<u>1,356,746</u>
Segment results	61,945	234,682	129,500	21,865	11,816	(407)	-	459,401
Unallocated expenses								<u>(144,558)</u>
Profit after unallocated expenses								314,843
Share of results of an associate								11
Share of results of a joint venture								143
Profit before taxation								<u>314,997</u>
Taxation								<u>(84,776)</u>
Net profit for the financial period								<u><u>230,221</u></u>



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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 three months ended 31 March 2010.



**RHB CAPITAL BERHAD (312952 – H)
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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>	Unaudited As at 31 Mar 2010			Audited 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	2,217,865	2,217,865	1,977,385	2,251,758	2,251,758	2,014,053
Transaction-related contingent items	2,077,027	1,047,456	776,300	2,197,336	1,098,669	842,297
Short term self-liquidating trade-related contingencies	1,510,450	306,918	253,085	1,671,688	334,338	222,581
Obligations under underwriting agreements	456,037	228,019	152,365	430,900	215,450	163,615
Other assets sold with recourse and commitments with certain drawdown	34,135	34,135	15,133	-	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	28,908,609	402,757	402,757	29,508,470	310,873	310,873
- maturity exceeding one year	5,349,493	2,667,835	2,049,138	5,496,841	2,654,057	2,039,733
Foreign exchange related contracts						
- less than one year	8,693,897	244,289	78,899	10,094,034	143,085	46,885
- one year to less than five years	693,221	91,445	31,978	1,419,297	185,127	63,620
- more than five years	-	-	-	-	-	-



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

(a) Commitments and Contingencies (continued)

<u>Group</u>	Unaudited As at 31 Mar 2010			Audited As at 31 Dec 2009		
	Principal amount	Credit equivalent*	Risk weighted amount	Principal amount	Credit equivalent*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest rate related contracts						
- less than one year	2,621,835	10,157	2,031	2,638,766	10,583	2,116
- one year to less than five years	8,471,284	314,383	68,086	8,108,858	375,480	85,236
- more than five years	954,725	93,745	23,205	885,352	89,164	21,674
Others	1,617,014	55,034	11,007	2,530,883	-	-
	63,605,592	7,714,038	5,841,369	67,234,183	7,668,584	5,812,683

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

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of its commercial banking subsidiary, which is computed in accordance with Basel I, and the CE and RWA of its Islamic bank subsidiary and investment 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 BNM's Revised Capital Adequacy Framework: Standardised Approach for Credit and Market Risk (Basel II) respectively.



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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 B11(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 interim financial statements for the three months ended 31 March 2010.

Group	
Unaudited	Audited
As at	As at
31 Mar 2010	31 Dec 2009
RM'000	RM'000

A26. Capital Commitments

Capital expenditure for property, plant and equipment:

- authorised and contracted for	66,777	59,757
- authorised but not contracted for	71,135	103,259
	137,912	163,016

Proposed acquisition of Bank Mestika (refer to Note B8(d))

	1,050,611	1,050,611
	1,188,523	1,213,627



**RHB CAPITAL BERHAD (312952 – H)
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A27. Capital Adequacy Ratio

BNM guidelines on capital adequacy requires RHB Bank Berhad ('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.

The capital ratios of RHB Bank are 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 and RHB Islamic bank are computed in accordance with the Standardised Approach of BNM's Risk-Weighted Capital Adequacy Framework for Credit and Market Risk, and the 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	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at	As at	As at
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009	31 Mar 2010	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	597,050	596,996	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	1,696,589	1,696,589	220,169	220,169	167,172	167,172
Other reserves (exclude AFS reserve)	2,397,969	2,397,969	278,549	278,549	197,739	197,739
Deferred tax (assets)/liabilities	(234,070)	(234,070)	1,095	1,095	(17,046)	(17,046)
Less: Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	6,878,667	6,878,613	604,179	604,179	871,289	871,289
Tier II capital						
Subordinated obligations	2,000,000	2,000,000	245,000	245,000	-	-
Collective assessment allowance	1,451,419	-	1,253	-	145,566	-
General allowance for bad and doubtful debts	-	862,725	-	1,137	-	88,984
Total Tier II capital	3,451,419	2,862,725	246,253	246,137	145,566	88,984



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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	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
Less:						
Investment in subsidiaries	(622,666)	(622,666)	(58,270)	(58,270)	-	-
Investments in a joint venture	-	-	(27,399)	(27,399)	-	-
Securitisation exposures subject to deductions	-	-	(25,937)	-	-	-
Other deductions*	(2,050)	(3,230)	(360)	(422)	(9,558)	(12)
Total capital base	9,705,370	9,115,442	738,466	764,225	1,007,297	960,261
<u>Before deducting proposed dividends</u>						
Core capital ratio	10.63%	10.55%	33.12%	35.58%	12.67%	12.50%
Risk-weighted capital adequacy ratio (RWCR)	15.01%	13.99%	40.48%	45.01%	14.64%	13.78%
<u>After deducting proposed dividends</u>						
Core capital ratio	10.49%	10.41%	22.93%	24.64%	12.67%	12.50%
Risk-weighted capital adequacy ratio	14.86%	13.84%	28.33%	31.95%	14.64%	13.78%

* 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.

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

(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	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
Credit risk	63,426,884	64,025,583	1,128,336	1,118,845	6,212,194	6,401,766
Market risk	1,229,188	1,118,776	260,766	148,681	98,180	9,144
Indicator operational risk	-	-	435,199	430,394	568,469	558,743
	64,656,072	65,144,359	1,824,301	1,697,920	6,878,843	6,969,623



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	Group	
	Unaudited	Audited
	As at	As at
	<u>31 Mar 2010</u>	<u>31 Dec 2009</u>
	RM'000	RM'000
A28. Operations of Islamic Banking		
(a) Statements of Financial Position as at 31 March 2010		
ASSETS		
Cash and short-term funds	1,794,755	2,273,441
Deposits and placements with banks and other financial institutions	-	305,000
Financial assets held-for-trading	307,638	30,931
Financial investments available-for-sale	1,288,684	1,195,204
Financial investments held-to-maturity	1,068,735	1,042,352
Financing and advances	6,149,335	5,842,302
Other assets	78,530	59,322
Deferred tax assets	10,303	17,046
Tax recoverable	23,373	15,666
Statutory deposits	77,240	69,240
Property, plant and equipment	22,212	23,083
Intangible assets	27,601	27,601
Total assets	<u>10,848,406</u>	<u>10,901,188</u>
LIABILITIES AND ISLAMIC BANKING FUNDS		
Deposits from customers	8,320,001	8,127,782
Deposits and placements of banks and other financial institutions	1,021,700	1,288,620
Bills and acceptances payable	27,658	25,228
Other liabilities	66,306	88,718
Total liabilities	<u>9,435,665</u>	<u>9,530,348</u>
Islamic Banking Funds	1,412,741	1,370,840
Total liabilities and Islamic Banking Funds	<u>10,848,406</u>	<u>10,901,188</u>
Commitments and contingencies	<u>2,694,635</u>	<u>2,815,528</u>



RHB CAPITAL BERHAD (312952 – H)
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	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
A28. Operations of Islamic Banking (continued)				
(b) Income Statements for the three months ended 31 March 2010				
Group				
Income derived from investment of depositors' funds	106,726	104,113	106,726	104,113
Income derived from investment of shareholder's funds	13,916	15,015	13,916	15,015
Allowance for impairment on financing and advances	(42,565)	(12,172)	(42,565)	(12,172)
Profit equalisation reserve	4,326	(16,915)	4,326	(16,915)
Total distributable income	82,403	90,041	82,403	90,041
Income attributable to depositors	(40,704)	(41,792)	(40,704)	(41,792)
	41,699	48,249	41,699	48,249
Personnel expenses	(15,928)	(14,083)	(15,928)	(14,083)
Other overheads and expenditures	(23,966)	(22,722)	(23,966)	(22,722)
Profit before taxation	1,805	11,444	1,805	11,444
Taxation	(721)	(695)	(721)	(695)
Net profit for the financial period	1,084	10,749	1,084	10,749



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1st quarter ended		Three months ended	
31 Mar	31 Mar	31 Mar	31 Mar
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 three months ended 31 March 2010

Group				
Net profit for the financial period	<u>1,084</u>	<u>10,749</u>	<u>1,084</u>	<u>10,749</u>
Other comprehensive income/(loss):				
Financial investments available-for-sale ('AFS')				
- Unrealised net loss on revaluation	(844)	(976)	(844)	(976)
- Net transfer to income statement on disposal	-	(9,520)	-	(9,520)
Income tax relating to components of other comprehensive income	<u>207</u>	<u>(2,936)</u>	<u>207</u>	<u>(2,936)</u>
Other comprehensive loss for the financial period	<u>(637)</u>	<u>(13,432)</u>	<u>(637)</u>	<u>(13,432)</u>
Total comprehensive income/(loss) for the financial period	<u>447</u>	<u>(2,683)</u>	<u>447</u>	<u>(2,683)</u>



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	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 2010	31 Dec 2009
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	91,268	87,557
Term financing		
- housing financing	2,011,029	1,872,246
- syndicated term financing	585,020	793,288
- hire purchase receivables	1,320,681	1,215,426
- other term financing	1,587,829	1,297,163
Claims on customers under acceptance credit	565,308	503,119
Trust receipts	31,743	32,787
Credit/charge cards receivables	2	-
Staff financing	12,322	12,990
Revolving financing	430,790	451,209
	6,635,992	6,265,785
Less: Unearned income	(194,838)	(179,697)
Gross financing and advances	6,441,154	6,086,088
Less: Allowance for impaired financing and advances		
- collective assessment allowance	(145,566)	-
- individual assessment allowance	(146,253)	-
- general allowance	-	(88,984)
- specific allowance	-	(154,802)
Net financing and advances	6,149,335	5,842,302



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	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 2010	31 Dec 2009
	RM'000	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 period/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 during the financial period/year	140,085	424,210
Reclassified as non-impaired during the financial period/year	(74,162)	(239,410)
Amount recovered	(8,736)	(40,005)
Amount written off	-	(35,212)
Balance as at the end of the financial period/year	<u><u>535,599</u></u>	<u><u>376,940</u></u>
(ii) Movements in the allowance for impaired financing and advances		
<u>Collective assessment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously reported	-	-
- Effect of adoption of FRS 139	140,427	-
- As restated	<u>140,427</u>	<u>-</u>
Allowance made	8,319	-
Amount recovered	(3,180)	-
Balance as at the end of the financial period/year	<u><u>145,566</u></u>	<u><u>-</u></u>



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	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 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>Individual assessment allowance</u>		
Balance as at the beginning of the financial period/year		
- As previously reported	-	-
- Effect of adoption of FRS 139	107,035	-
- As restated	107,035	-
Allowance made	44,486	-
Amount recovered	(5,268)	-
Balance as at the end of the financial period/year	146,253	-
<u>General allowance</u>		
Balance as at the beginning of the financial period/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 period/year	-	88,984
As % of gross financing and advances less specific allowance	-	1.5%
<u>Specific allowance</u>		
Balance as at the beginning of the financial period/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 period/year	-	154,802



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	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 2010	31 Dec 2009
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Income receivable	25,316	28,681
Deposits and prepayments	18,673	22,227
Sundry deposits debtors	7,195	1,352
Other debtors	27,346	7,062
	78,530	59,322
(f) Deposits from Customers		
<u>Non-Mudharabah Funds:</u>		
Demand deposits	1,575,570	1,607,302
Savings deposits	563,004	563,317
Negotiable Islamic Debt Certificates	4,809	4,754
	2,143,383	2,175,373
<u>Mudharabah Funds:</u>		
Demand deposits	390,556	374,513
General investment deposits	1,113,062	1,166,442
Special investment deposits	4,673,000	4,411,454
	8,320,001	8,127,782



**RHB CAPITAL BERHAD (312952 – H)
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A29. Changes in Accounting Policies

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:

1. 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 original EIR of the loans, advances and financing.

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



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A29. Changes in Accounting Policies (continued)

1. Impairment of Loans, Advances and Financing (continued)

(ii) Collectively assessed allowance

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

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

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

As at the date of this report, the Group 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 has been determined based on the transitional arrangement issued by BNM.

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

- (i) Write back of general and specific allowance of RM954,772,000 and RM1,757,142,000 respectively;
- (ii) Recognition of opening collective assessment allowance and individual assessment allowance of RM1,614,354,000 and RM1,351,202,000 respectively.

2. Recognition of Interest Income

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

The adoption of the EIR basis has resulted in an adjustment of RM2,138,000 to the opening retained profits of the Group.



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A29. Changes in Accounting Policies (continued)

2. Recognition of Interest Income (continued)

- (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. Accordingly, all prior years' interest-in-suspense of RM316,781,000 has been written back to the opening retained profits of the Group.

3. Recognition of Embedded Derivatives

Upon adoption of FRS 139, embedded derivatives are to be separated from the host contract and accounted for as a derivative when the economic characteristics and risks of the embedded 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.

4. 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 recognised directly to AFS reserves.

The effect of this change has been accounted for as an adjustment to the opening balance of the AFS reserves of RM118,352,000 for the Group.

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

	Balance as at 1 January 2010, as previously reported	Effect of adoption of FRS 139	Adjusted balance as at 1 January 2010, as restated
	RM'000	RM'000	RM'000
Group			
Translation reserves	(8,190)	(64)	(8,254)
AFS reserves	(35,993)	118,352	82,359
Retained profits	1,991,182	56,296	2,047,478



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B1. Review of Group Results

For the first quarter ended 31 March 2010, the Group recorded a profit before taxation of RM474.2 million, 51% higher than that of the previous corresponding quarter of RM315.0 million.

The higher profit was mainly due to lower allowance for impairment on loans, advances and financing by RM91.3 million, higher net interest income by RM63.5 million, higher other operating income by RM34.5 million and higher income from Islamic Banking business by RM23.8 million, partly offset by higher other operating expenses by RM33.1 million and lower impairment losses written back on other assets by RM20.8 million.

B2. Changes in Profit for the Quarter

For the first quarter ended 31 March 2010, the Group recorded a profit before taxation of RM474.2 million, up 26% as compared to RM377.1 million recorded in the preceding quarter ended 31 December 2009. The higher profit was mainly due to lower other operating expenses by RM59.1 million, lower allowance for impairment on loans, advances and financing by RM27.4 million, lower impairment on other assets by RM8.6 million and higher net interest income by RM3.1 million, partly offset by lower income from Islamic Banking business by RM1.0 million.

B3. Prospects for the Financial Year Ending 31 December 2010

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

The strengthening of the domestic economy will bolster the Malaysian banking sector, which is expected to remain healthy with ample growth opportunity. The Group is optimistic of a stronger market demand for banking products and services and capital markets activities are expected to increase going into the second half of 2010. Domestically, the Group shall continue to focus on building its core businesses and to increase its market share through an expanded network such as Easy by RHB. On the international front, the Group's key focus is to complete the acquisition of Bank Mestika, Indonesia and strengthen its regional footprint.

The RHB Banking Group expects to achieve a satisfactory performance in 2010.

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.

	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
B5. Taxation				
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	106,380	101,033	106,380	101,033
- overseas tax	76	100	76	100
Deferred tax	14,501	(14,293)	14,501	(14,293)
	<u>120,957</u>	<u>86,840</u>	<u>120,957</u>	<u>86,840</u>
Under/(over) provision in respect of prior years	750	(2,064)	750	(2,064)
	<u>121,707</u>	<u>84,776</u>	<u>121,707</u>	<u>84,776</u>

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



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B5. Taxation (continued)

	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Deferred tax	<u>8,660</u>	<u>9,028</u>	<u>8,660</u>	<u>9,028</u>

B6. Purchase and Sale of Quoted Securities

There were no purchases or sales of quoted securities during the three months ended 31 March 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 three months ended 31 March 2010 other than in the ordinary course of business.

B8. Status of Corporate Proposals

(a) Proposed issuance of up to RM75.0 million nominal value of Hybrid Tier-1 Capital Securities ('HT1 Securities') by RHB Investment Bank

The Company announced on 16 October 2007 that RHB Investment Bank, has proposed among others to undertake the issuance of up to RM75.0 million nominal value of HT1 Securities as part of its capital management initiatives, with the objective of increasing the return to its shareholders and optimising the capital structure of RHB Investment Bank.

The Securities Commission ('SC') had, on 30 September 2008, granted an extension of time of up to 10 October 2009 for RHB Investment Bank to implement or issue such capital securities subject to the conditions as contained therein.

On 20 October 2009, the Company announced that the SC had further granted an extension of time of up to 10 October 2010 for RHB Investment Bank to implement the proposed issuance of up to RM75.0 million nominal value of HT1 Securities ('Proposed Extension of Time'), subject to the following conditions:

- (a) RHB Investment Bank to inform all relevant parties in relation to the HT1 Securities including, but not limited to, the trustee and rating agency, about the Proposed Extension of Time, and ensure that their consents, where required, are obtained;
- (b) RHB Investment Bank has undertaken all necessary due diligence in relation to the Proposed Extension of Time;
- (c) RHB Investment Bank to obtain all other regulatory approvals, if required, for the Proposed Extension of Time;
- (d) All other approved terms and conditions imposed for the proposed HT1 Securities shall remain applicable; and
- (e) RHB Investment Bank to submit a written confirmation on compliance with all the above conditions.



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B8. Status of Corporate Proposals (continued)

(b) Proposed issuance of up to RM1.1 billion in nominal value Commercial Papers and/or Medium Term Notes Under a Commercial Paper/Medium Term Note Programme ('CP/MTN Programme') by the Company

The Company announced on 11 December 2008 that the SC had on 2 December 2008, approved the proposed issuance of up to RM1.1 billion nominal value of commercial papers and/or medium term notes (collectively referred to as 'the Notes') under a CP/MTN Programme by the Company, subject to the terms and conditions stated therein.

On 17 December 2008, the Company announced that BNM, vide its letter dated 16 December 2008 had no objection for the Company to issue up to RM1.1 billion of the Notes under the CP/MTN Programme.

As at 31 March 2010, the Company had issued RM74 million nominal value of Commercial Papers and RM555 million nominal value of Medium Term Notes under the CP/MTN Programme.

(c) Proposed issuance of up to RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme by RHB Bank

On 29 April 2010, the Bank issued RM1.0 billion nominal value of Subordinated Notes, being the remaining balance of the issuance of RM3.0 billion in nominal value of Subordinated Notes and/or Senior Notes under a Medium Term Note Programme. The RM1.0 billion Subordinated Notes comprises:

(a) 5.0% 10 non-call 5 year Subordinated Notes of RM700,000,000 due on 29 April 2020; and

(b) 5.6% 15 non-call 10 year Subordinated Notes of RM300,000,000 due on 29 April 2025.

(d) Proposed Establishment Of An Exclusive Bancassurance Alliance Between RHB Bank and American International Assurance Berhad ('AIA')

On behalf of the Company, RHB Investment Bank had, on 2 March 2009 announced that RHB Bank had on even date executed a term sheet with AIA ('Term Sheet'), which constitutes the preliminary statement of the intentions of AIA and RHB Bank relating to the terms of the establishment of a 10-year mutually exclusive bancassurance relationship in Malaysia.

Subsequently, RHB Investment Bank, on behalf of the Company had, on 5 March 2010, announced that the negotiations for the establishment of a bancassurance alliance between RHB Bank and AIA have ceased. Accordingly, RHB Bank and AIA will not proceed further with the Term Sheet which was executed on 2 March 2009.

(e) 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:



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B8. Status of Corporate Proposals (continued)

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

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, RHB Investment Bank had on 9 April 2010, announced on behalf of the Company 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.



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B8. Status of Corporate Proposals (continued)

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

RHB Investment Bank had also on 22 April 2010, announced on behalf of the Company that 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.

The Company had on 19 May 2010 announced that the shareholders had at the EGM held on even date approved the Proposed Rights Issue and the Proposed Increase In Authorised Share Capital.

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 are not expected to have any material effect on the earnings of the Group for the financial year ending 31 December 2010. Barring unforeseen circumstances, the Proposed Acquisition and the Proposed Rights Issue are expected to be completed in the third quarter of 2010.

The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.

(f) Proposed acquisition of the remaining equity interest in RHB Insurance Berhad ('RHB Insurance') not already owned by the Company ('Proposed Acquisition')

On 4 February 2010, RHB Investment Bank had, on behalf of the Company, announced that BNM had vide its letter dated 3 February 2010 stated that it has no objection in principle for the Company to commence negotiations with the remaining shareholders of RHB Insurance in relation to the Proposed Acquisition.

Pursuant to the Insurance Act 1996, the Company and the remaining shareholders of RHB Insurance will be required to obtain the prior approval of the Minister of Finance, with the recommendation of BNM, before entering into any definitive agreement to effect the Proposed Acquisition. Accordingly, a detailed announcement on the Proposed Acquisition will be made upon execution of the definitive agreement(s) for the Proposed Acquisition.

(g) Negotiation For An Establishment Of A Bancassurance Alliance Between RHB Bank Berhad And TM Asia Life Malaysia Bhd ('TM Asia')

On 5 March 2010, RHB Investment Bank had, on behalf of the Company, announced that RHB Bank had on even date entered into a memorandum of understanding ("MOU") with TM Asia. The MOU constitutes the preliminary statement of the intentions of the parties relating to the negotiation of the terms for the establishment of a mutually exclusive 10-year bancassurance alliance in Malaysia to sell, market and promote conventional life insurance products developed by TM Asia for sale by RHB Bank to any party or persons including but not limited to RHB Bank's customers under the proposed exclusive bancassurance arrangement via RHB Bank's network of offices, branches and other alternative distribution channels developed jointly by TM Asia and RHB Bank. A further detail on the exclusive bancassurance arrangement were as contained in the attachment to the announcement dated 5 March 2010.



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B8. Status of Corporate Proposals (continued)

(h) Proposed Acquisition By RHB Hartanah Sdn Bhd ("RHBH"), A Wholly-Owned Subsidiary Of RHB Capital Berhad Of The Remaining 50% Equity Interest In Positive Properties Sdn Bhd ("PPSB") Not Already Owned By RHBH From Bedford Land Sdn Bhd ("BLSB")

RHB Investment Bank had on 26 May 2010, announced on behalf of the Company that RHBH had on even date entered into a Sale and Purchase Agreement ("SPA") with BLSB to acquire 11,596,000 ordinary shares of RM1.00 each in PPSB ("Sale Shares"), representing the remaining 50% equity interest in PPSB not already owned by RHBH, from BLSB for a total cash consideration of RM35,003,874 ("Purchase Consideration") ("Proposed Acquisition Of PPSB").

PPSB currently holds a plot of freehold vacant land measuring approximately 1.27 acres situated along Jalan Tun Razak, Kuala Lumpur described as Title No. Geran 31538, Lot No. 29 Seksyen 90, Tower and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur ("Lot 29").

The Purchase Consideration was arrived at based on "willing-buyer-willing-seller" basis after taking into consideration the unaudited net assets of PPSB for the financial period ended 31 March 2010 of approximately RM22.4 million and an independent market valuation of Lot 29 as at 20 November 2009, being the date of valuation, of RM62.0 million.

The salient terms of the SPA includes, inter-alia, the following:

- (i) BLSB shall sell to RHBH and RHBH shall purchase from BLSB, the Sales Shares free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements as from the completion of the SPA ("Completion Date") attaching thereto; and
- (ii) the full Purchase Consideration shall be settled by RHBH to BLSB immediately upon execution of the SPA. Hence, the Completion Date falls on the date of execution of the SPA.

The rationale for the Proposed Acquisition of PPSB is to enable RHB Capital to fully control PPSB and thus facilitate future development on Lot 29. The Proposed Acquisition of PPSB represents a long term strategic planning of RHB Capital to consolidate all of RHB Banking Group's operations which are currently housed in scattered locations within the vicinity of the Kuala Lumpur City Centre into a single location for better operational efficiency.

The Proposed Acquisition of PPSB is not expected to have any material effect on the earnings, gearing and net assets of RHB Capital for the financial year ending 31 December 2010. The Proposed Acquisition of PPSB will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of RHB Capital.

The Proposed Acquisition of PPSB is not subject to the approval of the shareholders of RHB Capital and/or any regulatory authorities.

None of the directors and/or major shareholders of RHB Capital and/or persons connected with them have any interests, direct or indirect, in the Proposed Acquisition of PPSB.



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

	Group	
	Unaudited	Audited
	As at	As at
	31 Mar 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	83,887,140	84,189,557
- more than one year	453,418	651,508
	<u>84,340,558</u>	<u>84,841,065</u>
Deposits and placements of banks and other financial institutions		
- one year or less	7,273,226	6,751,343
- more than one year	662,547	664,682
	<u>7,935,773</u>	<u>7,416,025</u>

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Unsecured:				
Revolving credits	711,250	646,000	744,400	648,800
Overdrafts	423	1,357	423	1,357
Term loans - RM	800,000	800,000	1,060,000	1,060,000
Term loan - USD	897,050	958,720	-	-
RM600 million 6 years				
Serial Fixed Rate Bonds	299,357	449,147	299,357	449,147
RM350 million				
Fixed Rate Bonds	345,835	345,448	345,835	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	555,000	555,000	555,000	555,000
	<u>3,682,915</u>	<u>3,829,672</u>	<u>3,079,015</u>	<u>3,133,752</u>
Schedule repayment of borrowings:				
Within one year	1,876,269	1,842,717	2,104,180	1,794,157
One year to three years	537,478	845,755	345,835	904,595
Three years to five years	212,030	768,840	-	435,000
Over five years	1,057,138	372,360	629,000	-
	<u>3,682,915</u>	<u>3,829,672</u>	<u>3,079,015</u>	<u>3,133,752</u>



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

	Group	
	Unaudited As at 31 Mar 2010 RM'000	Audited As at 31 Dec 2009 RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,300,000	1,300,000
5.5% RM700 million Tier II subordinated notes 2007/2022	700,000	700,000
5.3% RM200 million Tier II subordinated notes 2007/2017	195,000	195,000
5.5% RM45 million Tier II subordinated notes 2008/2018	45,000	45,000
	<u>2,240,000</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 issue 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	
	Unaudited As at 31 Mar 2010 RM'000	Audited 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	367,050	366,966
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	225,000	225,000
	<u>592,050</u>	<u>591,966</u>

The RM370.0 million and RM230.0 million HT1 Capital Securities bear interest at the rate of 8.00% and 6.75% per annum commencing from the respective first issue date and thereafter at a stepped-up rate of 9.00% and 7.75% per annum respectively from 2019 if not called.

The RM370.0 million and RM230.0 million HT1 Capital Securities will mature in 2039 and is callable in 2019.



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B10. Derivatives Financial Instruments

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

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

<u>Group</u>	Unaudited As at 31 Mar 2010			Audited As at 31 Dec 2009		
	Contract/ Notional amount RM'000	Fair Value		Contract/ Notional amount RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange related contracts						
- forwards	3,381,992	35,926	98,997	3,130,993	17,243	32,704
- swaps	4,203,369	92,909	37,123	5,930,615	35,563	30,204
- options	398,859	1,067	1,034	167,251	701	660
- spots	742,297	1,259	1,223	906,263	2,018	1,361
- cross-currency	660,601	10,442	9,564	1,378,209	22,534	20,695
Interest rate related contracts						
- futures	750,000	-	4,368	990,000	-	6,499
- swaps	11,297,844	130,522	124,917	10,642,976	143,370	140,231
	<u>21,434,962</u>	<u>272,125</u>	<u>277,226</u>	<u>23,146,307</u>	<u>221,429</u>	<u>232,354</u>



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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 March 2010

<u>Group</u>	Unaudited As at 31 Mar 2010		
	<u>Contract/ Notional amount</u> RM'000	<u>Fair Value</u>	
		<u>Assets</u> RM'000	<u>Liabilities</u> RM'000
Foreign exchange related contracts			
- Less than 1 year	8,693,897	130,264	137,512
- 1 year to 3 years	40,821	1,607	1,567
- More than 3 years	652,400	9,732	8,861
Interest rate related contracts			
- Less than 1 year	2,690,445	10,363	16,721
- 1 year to 3 years	4,206,882	52,941	44,124
- More than 3 years	5,150,517	67,218	68,441
	<u>21,434,962</u>	<u>272,125</u>	<u>277,226</u>



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B10. Derivatives Financial Instruments (continued)

iii) Derivative financial instruments classified by remaining period to maturity/next re-pricing date (whichever is earlier) as at 31 March 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	3,381,992	1,184,869	1,052,095	768,743	359,975	16,310	-
- swaps	4,203,369	1,862,534	1,320,001	370,080	634,444	16,310	-
- options	398,859	345,780	41,473	11,606	-	-	-
- spots	742,297	742,297	-	-	-	-	-
- cross-currency	660,601	-	-	-	-	8,201	652,400
Interest rate related contracts							
- futures	750,000	-	240,000	240,000	240,000	30,000	-
- swaps	11,297,844	285,562	42,879	502,004	1,140,000	4,176,882	5,150,517
Total	21,434,962	4,421,042	2,696,448	1,892,433	2,374,419	4,247,703	5,802,917

Other than the above, there were no other off-balance sheet transactions in the Group which were not in the ordinary course of business.



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B10. Derivatives Financial Instruments (continued)

- iv) Derivative financial instruments classified by remaining period to maturity/next re-pricing date (whichever is earlier) as at latest practicable date, 25 May 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	4,610,324	1,487,956	1,438,739	889,591	756,369	37,669	-
- swaps	4,842,015	2,081,626	923,712	1,003,270	813,220	20,187	-
- options	247,604	144,838	83,893	18,873	-	-	-
- spots	2,230,894	2,230,894	-	-	-	-	-
- cross-currency	681,359	-	-	-	-	8,459	672,900
Interest rate related contracts							
- futures	750,000	240,000	-	240,000	240,000	30,000	-
- swaps	11,540,816	74,297	253,359	561,020	933,718	5,645,962	4,072,460
Total	24,903,012	6,259,611	2,699,703	2,712,754	2,743,307	5,742,277	4,745,360



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B10. Derivatives Financial Instruments (continued)

- v) 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.



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B11. 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. The relevant Notices of Appeal to the Federal Court are to be filed accordingly.

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



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B12. Dividends Declared

No dividend has been declared for the three months ended 31 March 2010.

B13. Earnings per Share	1st quarter ended		Three months ended	
	31 Mar 2010	31 Mar 2009	31 Mar 2010	31 Mar 2009
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>349,730</u>	<u>228,641</u>	<u>349,730</u>	<u>228,641</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>16.2</u>	<u>10.6</u>	<u>16.2</u>	<u>10.6</u>

There were no dilutive potential ordinary shares outstanding as at 31 March 2010. As a result, the diluted earnings per share was equal to the basic earnings per share for the three months ended 31 March 2010.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

31 May 2010