



RHB Capital Berhad 312952-H
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**UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2011**

The Board of Directors of RHB Capital Berhad ("The Board") wishes to announce that the unaudited interim financial results of the Group and the Company for the six months ended 30 June 2011 are as follows:

**INCOME STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Note	2nd quarter ended		Six months ended	
		30 June 2011	30 June 2010	30 June 2011	30 June 2010
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,374,492	1,094,446	2,667,492	2,162,852
Interest expense	A9	(672,254)	(495,314)	(1,283,956)	(934,132)
Net interest income		702,238	599,132	1,383,536	1,228,720
Other operating income	A10	316,268	264,541	582,798	512,422
		1,018,506	863,673	1,966,334	1,741,142
Income from Islamic Banking business		82,899	77,491	174,084	160,068
Net operating income		1,101,405	941,164	2,140,418	1,901,210
Other operating expenses	A11	(459,340)	(377,097)	(908,110)	(778,582)
Operating profit before allowances		642,065	564,067	1,232,308	1,122,628
Allowance for impairment on loans, financing and other losses	A12	(121,917)	(92,329)	(202,723)	(175,826)
Impairment write back/(losses) on other assets		8,015	(23,911)	10,018	(24,787)
		528,163	447,827	1,039,603	922,015
Share of results of an associate		-	1	-	12
Share of results of a joint venture		12	120	144	153
Profit before taxation		528,175	447,948	1,039,747	922,180
Taxation	B5	(132,741)	(107,272)	(261,515)	(228,979)
Net profit for the financial period		395,434	340,676	778,232	693,201
Attributable to:					
- Equity holders of the Company		394,619	339,030	776,743	688,760
- Minority interests		815	1,646	1,489	4,441
		395,434	340,676	778,232	693,201
Earnings per share (sen)					
- Basic	B14	18.2	15.7	35.9	32.0
- Diluted	B14	18.2	15.7	35.9	32.0

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Group				
Net profit for the financial period	395,434	340,676	778,232	693,201
Other comprehensive income/(loss):				
Currency translation differences	(719)	(7,667)	(15,902)	(50,105)
Financial investments available-for-sale ('AFS')				
- Unrealised net gain on revaluation	51,929	72,273	41,667	112,480
- Net transfer to income statements on disposal or impairment	(5,409)	(29,672)	(13,340)	(54,355)
Gain on fair valuation of property arising from acquisition of a subsidiary	-	-	-	20,265
Income tax relating to components of other comprehensive income	(11,694)	(11,811)	(7,219)	(15,549)
Other comprehensive income for the financial period	34,107	23,123	5,206	12,736
Total comprehensive income for the financial period	429,541	363,799	783,438	705,937
Total comprehensive income attributable to:				
- Equity holders of the Company	428,754	359,225	781,984	701,363
- Minority interests	787	4,574	1,454	4,574
	429,541	363,799	783,438	705,937

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Note	2nd quarter ended		Six months ended	
		30 June	30 June	30 June	30 June
		2011	2010	2011	2010
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	900	21	1,525	91
Interest expense	A9	(36,148)	(36,220)	(71,980)	(70,871)
Net interest expense		<u>(35,248)</u>	<u>(36,199)</u>	<u>(70,455)</u>	<u>(70,780)</u>
Other operating income	A10	410,700	379,294	434,352	379,835
Net operating income		<u>375,452</u>	<u>343,095</u>	<u>363,897</u>	<u>309,055</u>
Other operating expenses	A11	(7,611)	(4,579)	(13,967)	(9,042)
Profit before taxation		<u>367,841</u>	<u>338,516</u>	<u>349,930</u>	<u>300,013</u>
Taxation	B5	(95,646)	(83,947)	(91,423)	(75,287)
Net profit for the financial period		<u><u>272,195</u></u>	<u><u>254,569</u></u>	<u><u>258,507</u></u>	<u><u>224,726</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Net profit for the financial period	<u>272,195</u>	<u>254,569</u>	<u>258,507</u>	<u>224,726</u>
Other comprehensive income for the financial period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period	<u><u>272,195</u></u>	<u><u>254,569</u></u>	<u><u>258,507</u></u>	<u><u>224,726</u></u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		Unaudited As at 30 June 2011	Audited As at 31 Dec 2010
	Note	RM'000	RM'000
Group			
ASSETS			
Cash and short-term funds		13,668,851	14,754,516
Securities purchased under resale agreements		733,468	276,407
Deposits and placements with banks and other financial institutions		1,915,292	1,023,526
Financial assets held-for-trading	A13	1,546,063	772,254
Financial investments AFS	A14	12,224,174	13,374,857
Financial investments held-to-maturity	A15	13,444,096	10,869,550
Loans, advances and financing	A16	88,778,566	81,228,093
Clients' and brokers' balances		428,270	421,127
Other assets	A17	597,218	589,156
Derivative assets		226,398	310,905
Statutory deposits		1,812,344	459,554
Tax recoverable		123,154	129,371
Deferred tax assets		272,594	261,105
Investments in a joint venture		24,382	25,044
Property, plant and equipment		1,063,621	1,023,170
Goodwill		3,806,860	3,806,860
Total assets		140,665,351	129,325,495
LIABILITIES AND EQUITY			
Deposits from customers	A18/B9(a)	102,897,915	94,433,828
Deposits and placements of banks and other financial institutions	A19/B9(a)	12,309,098	10,066,157
Bills and acceptances payable		4,132,040	3,536,140
Clients' and brokers' balances		723,247	610,360
Other liabilities	A20	1,574,221	1,527,724
Derivative liabilities		167,433	253,704
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		666,210	818,503
Taxation		17,221	172,595
Deferred tax liabilities		4,630	4,514
Borrowings	B9(b)	3,608,115	4,064,323
Subordinated obligations	B9(c)	3,264,106	3,264,284
Hybrid Tier-1 Capital Securities	B9(d)	600,391	600,393
Total liabilities		129,964,627	119,352,525
Share capital		2,191,916	2,153,475
Reserves		8,497,534	7,808,682
		10,689,450	9,962,157
Minority interests		11,274	10,813
Total equity		10,700,724	9,972,970
Total liabilities and equity		140,665,351	129,325,495
Commitments and contingencies	A25(a)	76,173,525	70,521,648
Net assets per share attributable to equity holders of the Company (RM)		4.88	4.63

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

<u>Company</u>	Note	Unaudited As at <u>30 June 2011</u> RM'000	Audited As at <u>31 Dec 2010</u> RM'000
ASSETS			
Cash and short term funds		94,917	346,009
Deposits and placements with banks and other financial institutions		904	891
Other assets	A17	154,967	153,347
Amounts due from subsidiaries		26,352	35,787
Tax recoverable		97,063	113,009
Investments in subsidiaries		8,691,602	8,691,602
Property, plant and equipment		686	757
Total assets		<u>9,066,491</u>	<u>9,341,402</u>
LIABILITIES AND EQUITY			
Other liabilities	A20	2,236	4,611
Amounts due to subsidiaries		5,976	6,146
Deferred tax liabilities		25	25
Borrowings	B9(b)	3,121,580	3,597,762
Total liabilities		<u>3,129,817</u>	<u>3,608,544</u>
Share capital		2,191,916	2,153,475
Reserves		3,744,758	3,579,383
Total equity		<u>5,936,674</u>	<u>5,732,858</u>
Total liabilities and equity		<u>9,066,491</u>	<u>9,341,402</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	← 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 2011	2,153,475	2,352,093	2,603,964	27,815	153,872	(76,854)	2,747,792	9,962,157	10,813	9,972,970
Net profit for the financial period	-	-	-	-	-	-	776,743	776,743	1,489	778,232
Currency translation differences	-	-	-	-	-	(15,902)	-	(15,902)	-	(15,902)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	41,714	-	-	41,714	(47)	41,667
- Net transfer to income statements on disposal or impairment	-	-	-	-	(13,340)	-	-	(13,340)	-	(13,340)
Income tax relating to components of other comprehensive income	-	-	-	-	(7,231)	-	-	(7,231)	12	(7,219)
Other comprehensive income/(loss) for the financial period	-	-	-	-	21,143	(15,902)	-	5,241	(35)	5,206
Total comprehensive income/(loss) for the financial period	-	-	-	-	21,143	(15,902)	776,743	781,984	1,454	783,438
Ordinary dividends	-	-	-	-	-	-	(345,310)	(345,310)	(993)	(346,303)
Shares issued pursuant to Dividend Reinvestment Plan ('DRP')	38,441	252,178	-	-	-	-	-	290,619	-	290,619
Balance as at 30 June 2011	2,191,916	2,604,271	2,603,964	27,815	175,015	(92,756)	3,179,225	10,689,450	11,274	10,700,724

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



RHB CAPITAL BERHAD (312952 – H)
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	← 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			Sub-total
Group										
Balance as at 1 January 2010	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	-	-	-	-	-	-	688,760	688,760	4,441	693,201
Currency translation differences	-	-	-	-	-	(50,105)	-	(50,105)	-	(50,105)
Financial investments AFS										
- Unrealised net gain on revaluation	-	-	-	-	112,278	-	-	112,278	202	112,480
- Net transfer to income statements on disposal or impairment	-	-	-	-	(54,330)	-	-	(54,330)	(25)	(54,355)
Gain on fair valuation of property arising from acquisition of a subsidiary	-	-	-	20,265	-	-	-	20,265	-	20,265
Income tax relating to components of other comprehensive income	-	-	-	(1,013)	(14,492)	-	-	(15,505)	(44)	(15,549)
Other comprehensive income/(loss) for the financial period	-	-	-	19,252	43,456	(50,105)	-	12,603	133	12,736
Total comprehensive income/(loss) for the financial period	-	-	-	19,252	43,456	(50,105)	688,760	701,363	4,574	705,937
Transfer in respect of statutory requirements	-	-	164,441	-	-	-	(164,441)	-	-	-
Ordinary dividends	-	-	-	-	-	-	(281,836)	(281,836)	(769)	(282,605)
Balance as at 30 June 2010	<u>2,153,475</u>	<u>2,352,093</u>	<u>2,411,052</u>	<u>27,815</u>	<u>125,815</u>	<u>(58,359)</u>	<u>2,289,961</u>	<u>9,301,852</u>	<u>36,246</u>	<u>9,338,098</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	<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 2011	2,153,475	2,352,093	1,227,290	5,732,858
Net profit for the financial period	-	-	258,507	258,507
Ordinary dividends	-	-	(345,310)	(345,310)
Shares issued pursuant to DRP	38,441	252,178	-	290,619
Balance as at 30 June 2011	<u>2,191,916</u>	<u>2,604,271</u>	<u>1,140,487</u>	<u>5,936,674</u>
Balance as at 1 January 2010	2,153,475	2,352,093	1,268,445	5,774,013
Net profit for the financial period	-	-	224,726	224,726
Ordinary dividends	-	-	(281,836)	(281,836)
Balance as at 30 June 2010	<u>2,153,475</u>	<u>2,352,093</u>	<u>1,211,335</u>	<u>5,716,903</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Six months ended	
	30 June 2011	30 June 2010
	RM'000	RM'000
Group		
Cash flows from operating activities		
Profit before taxation	1,039,747	922,180
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(177,143)	(127,402)
Operating profit before working capital changes	862,604	794,778
Net changes in operating assets	(11,226,855)	(4,344,201)
Net changes in operating liabilities	11,278,234	3,681,562
Cash generated from operations	913,983	132,139
Taxation paid	(458,644)	(197,433)
Tax refund	33,077	902
Net cash generated from/(used in) operating activities	488,416	(64,392)
Cash flows from investing activities		
Purchase of property, plant and equipment	(91,607)	(59,617)
Net purchase of financial investments AFS and held-to-maturity	(1,386,445)	(1,957,328)
Interest received from financial investments AFS and held-to-maturity	359,346	339,641
Investment income received from financial investments AFS and held-to-maturity	57,914	48,516
Dividend income received from financial assets held-for-trading and financial investments AFS and held-to-maturity	10,822	1,952
Proceeds from disposal of property, plant and equipment	5,363	1,487
Acquisition of a subsidiary	-	(34,191)
Net cash used in investing activities	(1,044,607)	(1,659,540)
Cash flows from financing activities		
Proceeds from issuance of subordinated notes	-	995,000
Proceeds from shares issued pursuant to DRP	290,619	-
Drawdown of borrowings	35,300	68,350
Repayment of borrowings	(509,650)	(166,710)
Dividends paid to equity holders of the Company	(345,310)	(281,836)
Dividends paid to minority interests in a subsidiary	(993)	(769)
Net cash (used in)/generated from financing activities	(530,034)	614,035
Net decrease in cash and cash equivalents	(1,086,225)	(1,109,897)
Cash and cash equivalents		
- at the beginning of the financial period	14,754,516	16,673,904
- at the end of the financial period	13,668,291	15,564,007
Cash and cash equivalents comprise the following:		
Cash and short term funds	13,668,851	15,564,666
Overdrafts	(560)	(659)
	13,668,291	15,564,007

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Six months ended	
	30 June 2011	30 June 2010
	RM'000	RM'000
Company		
Cash flows from operating activities		
Profit before taxation	349,930	300,013
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(363,791)	(309,009)
Operating loss before working capital changes	(13,861)	(8,996)
Net changes in operating assets	8,682	(33,249)
Net changes in operating liabilities	(1,529)	(3,821)
Cash used in operations	(6,708)	(46,066)
Tax refund	33,077	-
Net cash generated from/(used in) operating activities	<u>26,369</u>	<u>(46,066)</u>
Cash flows from investing activities		
Dividend income received from subsidiaries	325,661	284,270
Purchase of property, plant and equipment	(35)	(79)
Proceeds from disposal of property, plant and equipment	91	-
Interest income received	522	277
Net cash generated from investing activities	<u>326,239</u>	<u>284,468</u>
Cash flows from financing activities		
Drawdown of borrowings	35,300	155,550
Repayment of borrowings	(509,650)	(150,000)
Dividends paid to equity holders of the Company	(345,310)	(281,836)
Proceeds from shares issued pursuant to DRP	290,619	-
Interest expense paid	(75,219)	(61,534)
Net cash used in financing activities	<u>(604,260)</u>	<u>(337,820)</u>
Net decrease in cash and cash equivalents	(251,652)	(99,418)
Cash and cash equivalents		
- at the beginning of the financial period	346,009	99,562
- at the end of the financial period	<u>94,357</u>	<u>144</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	94,917	803
Overdrafts	(560)	(659)
	<u>94,357</u>	<u>144</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

A1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in compliance with Financial Reporting Standard ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2010.

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 2010, except for the adoption of the following accounting standards, amendments to published accounting standards and interpretations to existing accounting standards which are effective from 1 January 2011:

Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
TR i-4	Shariah Compliant Sale Contracts
Improvements to FRSs (2010)	
- FRS 3	Business Combinations
- FRS 127	Consolidated and Separate Financial Statements
- FRS 101	Presentation of Financial Statements
- FRS 138	Intangible Assets
- IC Interpretation 9	Reassessment of Embedded Derivatives
- Amendments of FRS 138	Intangible Assets
- Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The revised FRS 3 'Business Combinations' (effective prospectively from 1 July 2010) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The revised FRS 127 'Consolidated and Separate Financial Statements' (applies prospectively to transactions with non-controlling interests from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attributable of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attributable to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured at fair value, and a gain or loss is recognised in profit or loss.

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group and the Company.



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

A2. Auditors' Report

The auditors' report for the financial year ended 31 December 2010 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 six months ended 30 June 2011.

A5. Changes in Estimates

There were no material changes in estimates of amount reported in prior financial years that have a material effect for the six months ended 30 June 2011.

A6. Changes in Debt and Equity Securities

During the financial period, the issued and paid-up share capital of the Company increased to 2,191,916,339, arising from the issuance of 38,441,644 new ordinary shares of RM1.00 each pursuant to the Dividend Reinvestment Plan ('DRP') exercise approved by shareholders as per note B8(c). The new ordinary shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 23 May 2011.

Other than the above, there were no share cancellations, share buy-backs, shares held as treasury shares, resale of treasury shares and repayment of debt and equity securities by the Company.

A7. Dividends Paid

During the six months ended 30 June 2011, the Company paid a final dividend of 21.38% less 25% income tax amounting to RM345.31 million in respect of the financial year ended 31 December 2010 on 20 May 2011.

84.17% of the final dividend was paid in the form of new shares of RHB Capital issued pursuant to the DRP as approved by the shareholders as detailed in note B8(c).



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing	1,078,400	830,058	2,091,069	1,638,192
Money at call and deposits and placements with banks and other financial institutions	73,399	80,802	146,265	155,542
Securities purchased under resale agreements	539	504	629	5,958
Financial assets held-for-trading	5,802	3,738	9,176	8,068
Financial investments AFS	100,557	81,638	199,790	162,220
Financial investments held-to-maturity	113,697	92,905	216,250	182,035
Others	2,098	4,801	4,313	10,837
	1,374,492	1,094,446	2,667,492	2,162,852
Of which:				
Interest income earned on impaired loans, advances and financing	8,331	10,341	10,773	19,236
<u>Company</u>				
Money at call and deposits and placements with banks and other financial institutions	752	21	759	91
Others	148	-	766	-
	900	21	1,525	91



RHB CAPITAL BERHAD (312952 – H)
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FOR THE SIX MONTHS ENDED 30 JUNE 2011

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	44,718	27,614	79,698	49,668
Deposits from customers	517,757	355,930	986,692	667,090
Borrowings	34,811	35,627	69,285	70,846
Subordinated obligations	41,979	37,939	83,496	66,618
Hybrid Tier-1 Capital Securities	11,228	11,180	22,330	22,278
Recourse obligation on loans sold to Cagamas	7,986	12,877	16,284	27,058
Others	13,775	14,147	26,171	30,574
	672,254	495,314	1,283,956	934,132
<u>Company</u>				
Borrowings	36,148	36,220	71,980	70,871



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FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	44,078	36,611	95,312	77,285
- Commission	28,306	29,060	55,455	56,456
- Guarantee fees	10,207	7,840	18,140	15,807
- Commitment fees	11,551	13,600	24,275	26,067
- Brokerage	21,339	17,759	48,682	38,954
- Fund management fees	5,294	4,382	10,301	10,179
- Corporate advisory fees	2,771	8,569	5,456	10,857
- Underwriting and arrangement fees	7,645	14,986	9,946	24,380
- Unit trust fee income	882	214	2,305	358
- Other fee income	15,387	6,136	20,512	10,287
	147,460	139,157	290,384	270,630
Net gain arising from financial assets held-for-trading				
- net gain on disposal	19,007	9,882	27,105	12,706
- unrealised gain on revaluation	7,290	1,339	8,725	6,093
- gross dividend income	873	405	1,476	886
	27,170	11,626	37,306	19,685
Net (loss)/gain on revaluation of derivatives	(10,043)	1,510	(821)	4,483
Net gain arising from financial investments AFS				
- net gain on disposal	2,545	27,142	9,502	52,987
- gross dividend income	7,711	729	9,400	1,177
	10,256	27,871	18,902	54,164
Net gain arising from financial investments held-to-maturity				
- net gain on redemption	538	1,044	1,638	1,064
- gross dividend income	-	-	-	45
	538	1,044	1,638	1,109



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
Other income				
- Foreign exchange gain/(loss)				
- realised	88,558	80,988	159,047	127,505
- unrealised	14,004	(25,772)	(624)	(22,459)
- Insurance underwriting surplus before management expenses	19,681	13,912	39,984	29,900
- Rental income	529	853	1,112	1,557
- Net gain on disposal of property, plant and equipment	161	651	4,919	738
- Other operating income	12,745	12,215	25,418	23,161
- Other non-operating income	5,209	486	5,533	1,949
	<u>140,887</u>	<u>83,333</u>	<u>235,389</u>	<u>162,351</u>
	<u>316,268</u>	<u>264,541</u>	<u>582,798</u>	<u>512,422</u>
Company				
Gross dividend income from:				
- Subsidiaries	<u>410,540</u>	<u>379,026</u>	<u>434,215</u>	<u>379,026</u>
Other income				
- Foreign exchange gain				
- unrealised	69	268	46	809
- Net gain on disposal of property, plant and equipment	91	-	91	-
	<u>160</u>	<u>268</u>	<u>137</u>	<u>809</u>
	<u>410,700</u>	<u>379,294</u>	<u>434,352</u>	<u>379,835</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
Group				
Personnel costs				
- Salaries, bonus, wages and allowances	222,517	174,557	464,657	372,061
- Defined contribution plan	34,229	26,201	70,255	55,927
- Other staff related costs	22,514	13,816	42,566	29,877
	<u>279,260</u>	<u>214,574</u>	<u>577,478</u>	<u>457,865</u>
Establishment costs				
- Property, plant and equipment				
- Depreciation	28,009	22,431	54,716	44,010
- Written off	3	-	22	-
- Information technology expenses	30,074	25,057	56,253	53,166
- Repair and maintenance	5,608	6,505	11,790	12,959
- Security and escorting charges	8,589	6,019	16,445	11,555
- Rental of premises	11,926	11,757	24,084	22,806
- Water and electricity	5,816	5,040	11,382	9,786
- Rental of equipment	2,444	2,590	4,917	5,123
- Insurance	(694)	6,581	187	14,421
- Others	1,672	1,761	4,186	4,126
	<u>93,447</u>	<u>87,741</u>	<u>183,982</u>	<u>177,952</u>
Marketing expenses				
- Sales commission	5,759	2,542	9,143	3,485
- Advertisements and publicity	17,359	11,251	25,092	15,524
- Others	3,191	15,823	19,431	30,417
	<u>26,309</u>	<u>29,616</u>	<u>53,666</u>	<u>49,426</u>
Administration and general expenses				
- Communication expenses	24,871	19,625	49,538	40,689
- Legal and professional fee	2,640	3,509	4,447	7,905
- Others	32,813	22,032	38,999	44,745
	<u>60,324</u>	<u>45,166</u>	<u>92,984</u>	<u>93,339</u>
	<u>459,340</u>	<u>377,097</u>	<u>908,110</u>	<u>778,582</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
<u>Company</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	2,371	2,047	6,169	4,758
- Defined contribution plan	384	332	986	759
- Other staff related costs	490	497	922	686
	<u>3,245</u>	<u>2,876</u>	<u>8,077</u>	<u>6,203</u>
Establishment costs				
- Rental of premises	301	293	602	593
- Depreciation of property, plant and equipment	53	25	106	46
- Repair and maintenance	28	48	58	89
- Security and escorting charges	8	8	17	17
- Rental of equipment	13	7	23	17
- Water and electricity	20	20	40	33
- Information technology expenses	-	4	2	6
- Insurance	1	-	1	-
	<u>424</u>	<u>405</u>	<u>849</u>	<u>801</u>
Marketing expenses				
- Advertisements and publicity	931	506	1,018	506
- Others	50	48	235	187
	<u>981</u>	<u>554</u>	<u>1,253</u>	<u>693</u>
Administration and general expenses				
- Communication expenses	115	71	164	134
- Legal and professional fee	211	195	870	651
- Others	2,635	478	2,754	560
	<u>2,961</u>	<u>744</u>	<u>3,788</u>	<u>1,345</u>
	<u><u>7,611</u></u>	<u><u>4,579</u></u>	<u><u>13,967</u></u>	<u><u>9,042</u></u>



**RHB CAPITAL BERHAD (312952 – H)
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	2nd quarter ended		Six months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Impairment on Loans, Financing and Other Losses				
<u>Group</u>				
Allowance for impaired loans and financing:				
- Individual impairment allowance made	50,192	55,208	43,220	93,839
- Collective impairment allowance made	119,974	103,378	284,515	193,432
Impaired loans and financing recovered	(48,054)	(66,073)	(127,258)	(107,471)
Allowance (write back)/made for impairment on other assets	(195)	(184)	2,246	(3,974)
	121,917	92,329	202,723	175,826



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A13. Financial Assets Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	119,109	-
Malaysian government treasury bills	1,417	-
Malaysian government investment issues	203,187	45,621
Bank Negara Malaysia ('BNM') monetary notes	477,028	366,768
Negotiable instruments of deposits	-	51,502
Singapore government treasury bills	437,284	119,367
Thailand government bonds	-	10,216
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	83,680	69,896
Unit trusts	1,095	1,059
Outside Malaysia		
Shares	2,403	2,457
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	220,860	105,368
	<u>1,546,063</u>	<u>772,254</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A14. Financial Investments Available-for-sale		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	3,060,056	4,520,680
Malaysian government investment issues	2,670,276	3,080,615
Cagamas bonds	640,841	591,416
Khazanah bonds	12,243	11,984
Negotiable instruments of deposits	-	108,163
Banker's acceptances and Islamic accepted bills	78,140	93,868
Singapore government securities	184,893	128,445
Singapore government treasury bills	24,975	26,258
Thailand government bonds	92,075	112,140
1 Malaysia sukuk	85,905	86,032
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	14,116	15,408
Shares	5,026	4,310
Outside Malaysia		
Shares	30	17
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	4,607,821	3,910,065
Shares	360,379	360,862
Corporate loan stocks	129,352	129,634
Unit trusts	233,673	168,495
Redeemable convertible preference shares	15,130	13,980
Outside Malaysia		
Private debt securities	8,697	11,921
Corporate loan stocks	546	564
	12,224,174	13,374,857

As at 30 June 2011, the carrying value of financial investments available-for-sale, which was transferred from financial assets held-for-trading in previous financial years is RM831,149,000 (31.12.2010: RM1,512,298,000).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2011	31 Dec 2010
	RM'000	RM'000
A15. Financial Investments Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Malaysian government securities	3,035,795	2,993,642
Malaysian government investment issues	1,545,157	1,371,160
Cagamas bonds and Cagamas Mudharabah bonds	1,247,883	773,645
Khazanah bonds	53,828	52,631
Negotiable instruments of deposits	2,447,991	1,103,432
Singapore government securities	124,316	120,730
Thailand government securities	198,838	223,230
Sukuk (Brunei) Incorporation	24,575	23,873
Singapore government treasury bills	17,203	9,549
Bankers' acceptances	58,319	-
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	2,850,940	2,396,089
Corporate loan stocks	79,406	81,107
Bonds	36,079	25,137
Prasarana bonds	1,894,640	1,860,387
Outside Malaysia		
Private debt securities	18,149	18,520
Structured notes	24,929	32,564
	13,658,048	11,085,696
Accumulated impairment losses	(213,952)	(216,146)
	13,444,096	10,869,550

As at 30 June 2011, the carrying value of financial investments held-to-maturity, which was transferred from financial assets held-for-trading in previous financial years is RM18,149,000 (31.12.2010: RM26,038,000).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A16. Loans, Advances and Financing		
At amortised cost		
Overdrafts	5,821,424	6,092,693
Term loans/financing		
- housing loans/financing	19,358,216	18,277,357
- syndicated term loans/financing	2,698,793	2,033,985
- hire-purchase receivables	12,206,862	10,956,570
- lease receivables	130,948	146,399
- other term loans/financing	38,126,704	33,530,820
Bills receivable	1,602,446	1,507,021
Trust receipts	354,746	343,170
Claims on customers under acceptance credits	5,243,105	4,632,725
Staff loans/financing	338,553	350,587
Credit/charge cards receivables	1,653,970	1,644,995
Revolving credits	3,805,075	4,193,922
Gross loans, advances and financing	<u>91,340,842</u>	<u>83,710,244</u>
Allowance for impaired loans and financing		
- individual impairment allowance	(898,734)	(855,782)
- collective impairment allowance	(1,663,542)	(1,626,369)
Net loans, advances and financing	<u><u>88,778,566</u></u>	<u><u>81,228,093</u></u>

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM666,210,000 (31.12.2010: RM818,503,000).



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A16. Loans, Advances and Financing (continued)		
(a) By type of customer		
Domestic non-bank financial institutions		
- others	312,457	315,707
Domestic business enterprises		
- small medium enterprises	11,213,863	11,044,473
- others	22,280,714	22,141,219
Government and statutory bodies	11,292,101	9,204,927
Individuals	41,075,614	36,474,819
Other domestic entities	9,132	8,324
Foreign entities	5,156,961	4,520,775
	<u>91,340,842</u>	<u>83,710,244</u>
(b) By geographical distribution		
In Malaysia	87,235,788	80,067,443
Outside Malaysia		
- Singapore operations	3,689,431	3,191,218
- Thailand operations	262,393	297,308
- Brunei operations	153,230	154,275
	<u>91,340,842</u>	<u>83,710,244</u>
(c) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,598,303	1,523,367
- hire-purchase receivables	12,206,862	10,956,595
- other fixed rate loans/financing	16,601,352	14,207,886
Variable rate		
- base lending/financing rate plus	36,277,524	32,736,627
- cost-plus	20,343,953	19,946,768
- other variable rates	4,312,848	4,339,001
	<u>91,340,842</u>	<u>83,710,244</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A16. Loans, Advances and Financing (continued)		
(d) By purpose		
Purchase of securities	6,100,028	4,007,645
Purchase of transport vehicles	10,804,958	9,567,623
Purchase of landed property:		
- residential	19,865,929	18,841,064
- non-residential	5,129,384	4,761,379
Purchase of property, plant and equipment other than land and building	3,128,071	3,336,170
Personal use	4,152,369	3,535,354
Credit card	1,653,970	1,644,995
Purchase of consumer durables	49,674	54,295
Construction	2,869,360	2,593,596
Working capital	21,318,453	20,693,990
Merger and acquisition	1,641,658	2,432,562
Other purpose	14,626,988	12,241,571
	<u>91,340,842</u>	<u>83,710,244</u>
(e) By remaining contractual maturities		
Maturity within one year	28,745,326	28,641,800
One year to three years	4,678,437	4,692,466
Three years to five years	10,214,483	10,023,354
Over five years	47,702,596	40,352,624
	<u>91,340,842</u>	<u>83,710,244</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing		
(i) Movements in impaired loans, advances and financing		
Balance as at the beginning of the financial period/year	3,672,175	4,637,568
Classified as impaired during the financial period/year	1,733,478	3,881,193
Amount recovered	(240,926)	(961,325)
Reclassified as non-impaired during the financial period/year	(1,351,754)	(2,789,193)
Amount written off	(247,931)	(1,084,148)
Exchange difference	(353)	(11,920)
Balance as at the end of the financial period/year	<u>3,564,689</u>	<u>3,672,175</u>
(ii) By purpose		
Purchase of securities	53,234	83,475
Purchase of transport vehicles	234,470	241,331
Purchase of landed property:		
- residential	1,114,110	1,163,245
- non-residential	242,995	251,257
Purchase of property, plant and equipment other than land and building	162,318	203,251
Personal use	77,243	90,835
Credit card	80,569	78,954
Purchase of consumer durables	2,252	2,983
Construction	177,962	174,628
Working capital	1,405,240	1,370,284
Other purpose	14,296	11,932
	<u>3,564,689</u>	<u>3,672,175</u>



**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2011	31 Dec 2010
	RM'000	RM'000
A16. Loans, Advances and Financing (continued)		
(f) Impaired loans, advances and financing (continued)		
(iii) By geographical distribution		
In Malaysia	3,434,099	3,516,560
Outside Malaysia		
- Singapore operations	103,446	127,892
- Thailand operations	21,666	22,371
- Brunei operations	5,478	5,352
	<u>3,564,689</u>	<u>3,672,175</u>
(iv) Movements in allowance for impaired loans, advances and financing		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	855,782	1,351,202
Allowance made	57,698	256,823
Amount recovered	(14,478)	(73,709)
Amount written off	(931)	(672,014)
Exchange difference	663	(6,520)
Balance as at the end of the financial period/year	<u>898,734</u>	<u>855,782</u>
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	1,626,369	1,614,354
Allowance made	388,438	677,250
Amount recovered	(103,923)	(258,287)
Amount written off	(247,566)	(403,105)
Exchange difference	224	(3,843)
Balance as at the end of the financial period/year	<u>1,663,542</u>	<u>1,626,369</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Group		Company	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A17. Other Assets				
Other debtors, deposits and prepayments	317,500	322,193	42,452	40,832
Reinsurance assets	167,203	154,448	-	-
Deposit for proposed acquisition of PT Bank Mestika Dharma (refer to Note B8(a))	112,515	112,515	112,515	112,515
	<u>597,218</u>	<u>589,156</u>	<u>154,967</u>	<u>153,347</u>

	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A18. Deposits from Customers		
(a) By type of deposits		
Demand deposits	19,849,824	19,523,082
Savings deposits	6,210,059	5,832,118
Fixed/investment deposits	76,813,662	68,829,333
Negotiable instruments of deposits	24,370	249,295
	<u>102,897,915</u>	<u>94,433,828</u>
(b) By type of customer		
Government and statutory bodies	8,859,695	8,424,043
Business enterprises	60,618,205	54,623,226
Individuals	29,593,827	27,507,468
Others	3,826,188	3,879,091
	<u>102,897,915</u>	<u>94,433,828</u>
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits		
Due within six months	65,513,408	58,855,201
Six months to one year	10,064,921	9,744,919
One year to three years	1,223,896	449,560
Three years to five years	35,807	28,948
	<u>76,838,032</u>	<u>69,078,628</u>



RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Group	
	Unaudited	Audited
	As at 30 June 2011	As at 31 Dec 2010
	RM'000	RM'000
A19. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks	8,404,430	5,228,464
Licensed investment banks	176,416	153,442
BNM	1,976,433	2,197,885
Other financial institutions	1,751,819	2,486,366
	<u>12,309,098</u>	<u>10,066,157</u>

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	As at 30 June 2011	As at 31 Dec 2010	As at 30 June 2011	As at 31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
A20. Other Liabilities				
Other creditors and accruals	919,262	841,486	832	2,218
General insurance contract liabilities	413,149	379,176	-	-
Short term employee benefits	90,228	150,461	1,404	2,393
Lessee deposits	61,175	65,050	-	-
Prepaid instalment	77,656	77,670	-	-
Remisiers' trust deposits	9,632	10,016	-	-
Amount due to Danaharta	1,793	1,796	-	-
Amount payable for creation of units due to funds	1,326	2,069	-	-
	<u>1,574,221</u>	<u>1,527,724</u>	<u>2,236</u>	<u>4,611</u>



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A21. Segment Information

Revenue and Results

Six months ended 30 June 2011

	Corporate & Investment Banking	Retail Banking	Business Banking	Treasury and Money Market	Islamic Banking Business	Global Financial Banking	Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
External revenue	388,133	957,506	331,779	373,471	137,020	100,686	23,261	-	2,311,856
Inter-segment revenue	8,979	7,643	-	9,198	(7,728)	1,644	13,072	(32,808)	-
Segment revenue*	397,112	965,149	331,779	382,669	129,292	102,330	36,333	(32,808)	2,311,856
Overhead expenses	(119,559)	(325,887)	(138,178)	(21,018)	(14,860)	(60,428)	(38,802)	32,808	(685,924)
Of which:									
Depreciation of property, plant and equipment	(3,557)	(32,034)	(6,767)	(2,037)	(4,163)	(2,627)	(3,531)	-	(54,716)
Allowance (made)/write back for impairment on loans, financing and other losses	(34,145)	(161,434)	15,585	-	(24,070)	1,341	-	-	(202,723)
Impairment (losses)/write back on other assets	7,091	(17)	952	1,992	-	-	-	-	10,018
Profit/(Loss) before unallocated expenses	250,499	477,811	210,138	363,643	90,362	43,243	(2,469)	-	1,433,227
Unallocated expenses									(393,624)
Profit after unallocated expenses									1,039,603
Share of results of a joint venture									144
Profit before taxation									1,039,747
Taxation									(261,515)
Net profit for the financial period									778,232

* Total segment revenue comprise of net interest income (excluding interest expense on borrowings, subordinated obligations and Hybrid Tier-1 Capital Securities amounting to RM171.4 million), other operating income and income from Islamic Banking business.



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A21. Segment Information (continued)

Revenue and Results

Six months ended 30 June 2010

	Corporate & Investment Banking	Retail Banking	Business Banking	Treasury and Money Market	Islamic Banking Business	Global Financial Banking	Others	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
External revenue	337,268	803,292	279,119	410,821	126,797	91,859	2,689	-	2,051,845
Inter-segment revenue	5,890	7,537	-	5,540	(3,771)	1,365	9,744	(26,305)	-
Segment revenue*	343,158	810,829	279,119	416,361	123,026	93,224	12,433	(26,305)	2,051,845
Overhead expenses	(111,403)	(259,729)	(126,410)	(22,652)	(8,369)	(56,948)	(33,955)	26,305	(593,161)
Of which:									
Depreciation of property, plant and equipment	(4,349)	(22,452)	(6,026)	(2,154)	(4,153)	(1,866)	(3,010)	-	(44,010)
Allowance (made)/write back for impairment on loans, financing and other losses	47,256	(146,345)	(21,497)	-	(50,159)	(5,081)	-	-	(175,826)
Impairment (losses)/write back on other assets	4,621	(360)	-	(28,735)	-	(313)	-	-	(24,787)
Profit/(Loss) before unallocated expenses	283,632	404,395	131,212	364,974	64,498	30,882	(21,522)	-	1,258,071
Unallocated expenses									(336,056)
Profit after unallocated expenses									922,015
Share of results of an associate									12
Share of results of a joint venture									153
Profit before taxation									922,180
Taxation									(228,979)
Net profit for the financial period									693,201

* Total segment revenue comprise of net interest income (excluding interest expense on borrowings, subordinated obligations and Hybrid Tier-1 Capital Securities amounting to RM150.6 million), other operating income and income from Islamic Banking business.



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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 losses.

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 interim financial statements.

A24. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the six months ended 30 June 2011.



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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 interim 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 30 June 2011			Audited As at 31 Dec 2010		
	Principal amount	Credit equivalent amount*	Risk weighted amount	Principal amount	Credit equivalent amount*	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,534,992	1,463,723	1,234,964	2,366,972	2,301,345	2,575,444
Transaction-related contingent items	2,035,871	993,394	1,072,790	1,905,733	929,964	963,854
Short term self-liquidating trade-related contingencies	785,958	152,942	96,147	825,269	162,953	125,968
Obligations under underwriting agreements	367,958	183,979	117,250	206,762	103,381	44,300
Other assets sold with recourse and commitments with certain drawdown	192,510	192,510	38,502	4,718	4,718	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	30,386,444	5,336,028	3,714,998	31,965,921	1,582,218	955,370
- maturity exceeding one year	4,008,761	1,050,554	905,882	4,492,386	1,302,303	1,079,919
Foreign exchange related contracts						
- less than one year	18,337,843	461,335	198,827	14,267,825	306,554	157,387
- one year to less than five years	2,430,967	416,028	175,225	1,183,447	564,225	300,962
Interest rate related contracts						
- less than one year	4,052,005	12,115	3,620	2,676,825	11,996	3,173
- one year to less than five years	11,040,734	298,299	73,733	9,980,957	316,358	77,240
- more than five years	730,000	64,297	12,859	530,000	50,241	10,048
Commodity contracts						
- less than one year	-	-	-	17,628	-	-
Forward asset purchases	269,482	269,482	53,896	-	-	-
Others	-	-	-	97,205	-	-
	<u>76,173,525</u>	<u>10,894,686</u>	<u>7,698,693</u>	<u>70,521,648</u>	<u>7,636,256</u>	<u>6,293,665</u>

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



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

(a) Commitments and Contingencies (continued)

The credit equivalent amount ('CE') and risk weighted amount ('RWA') of the Group are an aggregate of CE and RWA of:

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

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

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



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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 (31.12.2010: RM68,000,000) for performance guarantees of one of its subsidiary company.

(c) Other Contingent Liabilities

(i) The Company

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

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

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the interim financial statements for the six months ended 30 June 2011.

A26. Capital Commitments

	Group	
	Unaudited	Audited
	As at	As at
	30 June 2011	31 Dec 2010
	RM'000	RM'000
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	89,694	71,673
- authorised but not contracted for	113,381	103,668
	203,075	175,341
Proposed acquisition of PT Bank Mestika Dharma (refer to Note B8(a))	1,050,611	1,050,611
	1,253,686	1,225,952



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A27. Capital Adequacy Ratio

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

The capital ratios of RHB Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: IRB Approach for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Investment Bank are computed based on BNM's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II). The capital ratios of RHB Islamic Bank are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

(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
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
	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	597,348	597,227	-	-	-	-
Share premium	8,563	8,563	-	-	-	-
Retained profits	2,948,464	2,492,142	23,914	93,912	222,371	222,371
Other reserves (exclude AFS reserves)	2,667,506	2,673,342	278,549	278,549	231,484	231,484
Less: Deferred tax assets	(275,265)	(265,300)	(1,315)	(1,315)	(33,269)	(33,269)
Goodwill	(905,519)	(905,519)	(159,280)	(159,280)	-	-
Total Tier I capital	8,359,182	7,918,540	405,514	475,512	944,010	944,010
Tier II capital						
Subordinated obligations	3,000,000	3,000,000	202,757	237,756	-	-
Collective assessment allowance [^]	300,284	263,786	1,133	1,117	117,869	103,037
Total Tier II capital	3,300,284	3,263,786	203,890	238,873	117,869	103,037

[^] Excludes collective assessment impairment allowance attributable to loans, advances and financing classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing' issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010.



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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	Audited	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at	As at	As at
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less:						
Investments in subsidiaries	(622,656)	(622,656)	(84,970)	(84,970)	-	-
Investments in a joint venture	-	-	(27,399)	(27,399)	-	-
Securitisation exposures subject to deductions [#]	-	-	(19,898)	(1,086)	-	-
Excess of total expected loss over total eligible provision under the IRB approach	(201,506)	(199,127)	-	-	-	-
Other deductions*	(3,254)	(3,190)	(231)	(336)	(238)	(102)
Eligible Tier II Capital	<u>2,472,868</u>	<u>2,438,813</u>	<u>71,392</u>	<u>125,082</u>	<u>117,631</u>	<u>102,935</u>
Total capital base	<u>10,832,050</u>	<u>10,357,353</u>	<u>476,906</u>	<u>600,594</u>	<u>1,061,641</u>	<u>1,046,945</u>
<u>Before deducting proposed dividends</u>						
Core capital ratio	10.80%	10.79%	21.44%	32.47%	10.53%	12.23%
Risk-weighted capital adequacy ratio	14.00%	14.11%	25.22%	41.02%	11.84%	13.56%
<u>After deducting proposed dividends</u>						
Core capital ratio	10.80%	10.46%	21.44%	27.69%	10.53%	12.23%
Risk-weighted capital adequacy ratio	14.00%	13.79%	25.22%	33.85%	11.84%	13.56%

[@] The capital adequacy ratios of RHB Bank consist of capital base and risk-weighted assets derived from RHB Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

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

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



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A27. Capital Adequacy Ratio (continued)

(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	Audited	Unaudited	Audited	Unaudited	Audited
	As at	As at	As at	As at	As at	As at
	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010	30 June 2011	31 Dec 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Credit risk	68,752,908	65,571,292	1,141,876	887,428	7,934,231	7,124,858
Market risk	1,836,426	1,232,084	328,787	161,901	430,199	30,513
Operational risk	6,776,349	6,559,217	420,303	414,976	602,958	566,538
Total risk-weighted assets	<u>77,365,683</u>	<u>73,362,593</u>	<u>1,890,966</u>	<u>1,464,305</u>	<u>8,967,388</u>	<u>7,721,909</u>



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2011	31 Dec 2010
	RM'000	RM'000

A28. Operations of Islamic Banking

(a) Statement of Financial Position as at 30 June 2011

ASSETS

Cash and short-term funds	1,574,074	1,076,367
Deposits and placements with banks and other financial institutions	40,140	40,062
Financial assets held-for-trading	395,588	218,928
Financial investments available-for-sale	1,921,267	1,787,265
Financial investments held-to-maturity	1,085,612	1,073,159
Financing and advances	11,352,817	8,713,761
Other assets	32,252	41,538
Deferred tax assets	39,810	30,854
Statutory deposits	349,440	105,140
Property, plant and equipment	19,628	21,547
Total assets	16,810,628	13,108,621

LIABILITIES AND ISLAMIC BANKING FUNDS

Deposits from customers	11,384,102	9,946,582
Deposits and placements of banks and other financial institutions	2,538,667	1,538,052
Bills and acceptances payable	27,488	12,124
Other liabilities	119,635	52,715
Taxation	6,169	170
Total liabilities	14,076,061	11,549,643
Islamic Banking Funds	2,734,567	1,558,978
Total liabilities and Islamic Banking Funds	16,810,628	13,108,621
Commitments and contingencies	2,544,866	3,519,220



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2nd quarter ended		Six months ended	
30 June	30 June	30 June	30 June
2011	2010	2011	2010
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>

A28. Operations of Islamic Banking (continued)

(b) Income Statement for the six months ended 30 June 2011

Group

Income derived from investment of depositors' funds	155,340	112,050	301,076	217,228
Income derived from investment of shareholder's funds	15,669	15,451	33,739	29,228
Allowance for impairment on financing and advances	(7,961)	(7,594)	(24,071)	(50,159)
Profit equalisation reserve	(10,947)	(5,298)	(15,388)	(972)
Total distributable income	<u>152,101</u>	114,609	<u>295,356</u>	195,325
Income attributable to depositors	<u>(77,163)</u>	(44,712)	<u>(145,343)</u>	(85,416)
	74,938	69,897	150,013	109,909
Personnel expenses	(15,784)	(14,487)	(31,562)	(30,415)
Other overheads and expenditures	(20,883)	(21,929)	(42,258)	(44,208)
Profit before taxation	<u>38,271</u>	33,481	<u>76,193</u>	35,286
Taxation	(8,420)	(7,420)	(17,908)	(8,141)
Net profit for the financial period	<u><u>29,851</u></u>	<u>26,061</u>	<u><u>58,285</u></u>	<u>27,145</u>



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2nd quarter ended		Six months ended	
30 June	30 June	30 June	30 June
2011	2010	2011	2010
RM'000	RM'000	RM'000	RM'000

A28. Operations of Islamic Banking (continued)

(c) Statement of Comprehensive Income for the six months ended 30 June 2011

<u>Group</u>				
Net profit for the financial period	<u>29,851</u>	26,061	<u>58,285</u>	27,145
Other comprehensive income/(loss):				
Financial investments available-for-sale				
- Unrealised gain on revaluation	6,383	2,036	1,810	1,192
- Net transfer to income statement on disposal or impairment	(2,863)	(1,762)	(3,838)	(1,762)
Income tax relating to components of other comprehensive income/(loss)	(880)	(72)	472	135
Other comprehensive income/(loss) for the financial period	<u>2,640</u>	202	<u>(1,556)</u>	(435)
Total comprehensive income for the financial period	<u>32,491</u>	26,263	<u>56,729</u>	26,710



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2011	31 Dec 2010
	RM'000	RM'000
A28. Operations of Islamic Banking (continued)		
(d) Financing and Advances		
At amortised cost		
Cashline	114,611	116,123
Term financing		
- housing financing	2,553,838	2,368,625
- syndicated term financing	662,963	898,904
- hire purchase receivables	1,960,927	1,625,598
- other term financing	5,337,571	2,902,392
Bills receivable	826,738	546,820
Trust receipts	20,842	17,994
Staff financing	10,909	11,404
Credit/charge cards receivables	3,799	530
Revolving financing	202,564	547,639
Gross financing and advances	11,694,762	9,036,029
Less: Allowance for impaired financing and advances		
- individual impairment allowance	(161,885)	(163,440)
- collective impairment allowance	(180,060)	(158,828)
Net financing and advances	<u>11,352,817</u>	<u>8,713,761</u>



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	Group	
	Unaudited	Audited
	As at	As at
	30 June 2011	31 Dec 2010
	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	628,251	478,412
Classified as impaired during the financial period/year	130,594	486,779
Reclassified as non-impaired during the financial period/year	(118,590)	(293,671)
Amount recovered	(15,987)	(43,269)
Amount written off	(3,890)	-
Balance as at the end of the financial period/year	620,378	628,251
(ii) Movements in allowance for impaired financing and advances		
<u>Individual impairment allowance</u>		
Balance as at the beginning of the financial period/year	163,440	107,035
Allowance made	2,233	69,456
Amount recovered	(3,788)	(12,546)
Amount written off	-	(505)
Balance as at the end of the financial period/year	161,885	163,440
<u>Collective impairment allowance</u>		
Balance as at the beginning of the financial period/year	158,828	140,427
Allowance made	28,344	18,401
Amount written off	(7,112)	-
Balance as at the end of the financial period/year	180,060	158,828



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	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
A28. Operations of Islamic Banking (continued)		
(e) Other Assets		
Deposits and prepayments	958	682
Sundry deposits debtors	1,250	1,251
Other debtors	30,044	39,605
	<u>32,252</u>	<u>41,538</u>
(f) Deposits from Customers		
<u>Non-Mudharabah Funds</u>		
Demand deposits	1,433,502	1,376,008
Savings deposits	616,586	569,786
Negotiable Islamic Debt Certificates	-	4,976
Commodity Murabahah	1,642,279	754,650
	<u>3,692,367</u>	<u>2,705,420</u>
<u>Mudharabah Funds</u>		
Demand deposits	391,262	378,321
Savings deposits	4,634	3,123
General investment deposits accounts	694,483	1,280,190
Special investment deposits accounts	6,601,356	5,579,528
	<u>11,384,102</u>	<u>9,946,582</u>



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B1. Review of Group Results

For the six months ended 30 June 2011, the Group recorded a profit before taxation of RM1,039.7 million, 13% higher than the previous year corresponding period of RM922.2 million.

The higher profit was mainly due to higher net interest income by RM154.8 million, higher other operating income by RM70.4 million, higher income from Islamic Banking business by RM14.0 million and impairment write back on other assets of RM10.0 million as compared to allowance for impairment of RM24.8 million recorded in the previous corresponding period. It was, however, partly offset by higher other operating expenses by RM129.5 million and higher allowance for impairment on loans, financing and other losses by RM26.9 million.

B2. Changes in Profit Against Preceding Quarter

For the second quarter ended 30 June 2011, the Group recorded a profit before taxation of RM528.2 million, 3% higher as compared to RM511.6 million recorded in the preceding quarter ended 31 March 2011. The higher profit was mainly due to higher other operating income by RM49.7 million, higher net interest income by RM20.9 million and higher impairment write back on other assets by RM6.0 million, partly offset by higher allowance for impairment on loans, financing and other losses by RM41.1 million, higher other operating expenses by RM10.6 million and lower income from Islamic Banking business by RM8.3 million.

B3. Prospects for 2011

The Malaysian economy is expected to grow at between 5% to 6% for 2011 amidst a challenging external environment due to continued weakness in the US and the Europe. The outlook for the Malaysian banking sector remains positive, supported by the underlying strengths of the domestic economy and the roll-out of the large-scale infrastructure projects under the Economic Transformation Programme.

In spite of what is expected to be a more challenging second half 2011, the Group remain cautiously confident that the Malaysian economy will continue to be supportive of business growth. RHB Bank aims to maintain its growth momentum for the second half of the year.

The Group will remain focus on building our core businesses and continue to look for opportunities to expand our market share and increase our leadership position in targeted markets and product segments. The Group expects to maintain a satisfactory performance in 2011.

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

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



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B5. Taxation

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	132,940	139,307	273,765	245,687
- Overseas tax	122	591	185	667
Deferred tax	(5,613)	(33,088)	(17,695)	(18,587)
	<u>127,449</u>	<u>106,810</u>	<u>256,255</u>	<u>227,767</u>
Under provision in respect of prior years	5,292	462	5,260	1,212
	<u>132,741</u>	<u>107,272</u>	<u>261,515</u>	<u>228,979</u>

The effective tax rate of the Group for the second quarter and six months ended 30 June 2011 was lower than the statutory tax rate mainly due to effect of lower tax rate in Labuan.

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	88,576	75,287	88,656	75,287
Deferred tax	4,303	8,660	-	-
	<u>92,879</u>	<u>83,947</u>	<u>88,656</u>	<u>75,287</u>
Under provision in respect of prior years	2,767	-	2,767	-
	<u>95,646</u>	<u>83,947</u>	<u>91,423</u>	<u>75,287</u>

The effective tax rate of the Company for the second quarter and six months ended 30 June 2011 was higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B6. Purchase and Sale of Quoted Securities

There were no purchases or sales of quoted securities during the six months ended 30 June 2011 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 six months ended 30 June 2011 other than in the ordinary course of business.



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B8. Status of Corporate Proposals

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

On 19 October 2009, RHB Investment Bank had on behalf of the Company, announced that the Company will undertake the following proposals subject to relevant regulatory authorities' approval:

- (i) 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');
- (ii) proposed put and call option for 9% of the issued and paid-up share capital in Bank Mestika ('Proposed Options');
- (iii) 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
- (iv) 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').

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

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

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.



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B8. Status of Corporate Proposals (continued)

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

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

As announced on 22 April 2010, Bursa Securities had, vide its letter dated 20 April 2010, approved the listing and quotation of new ordinary shares of RM1.00 each in the Company, up to the gross proceeds of approximately RM1.3 billion, to be issued pursuant to the Proposed Rights Issue subject to the condition as stated therein. Bursa Securities had further on 9 May 2011, granted the Company an extension of time until 19 October 2011 to complete the implementation of the Rights Issue.

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

RHBVC had further on 17 December 2010 assigned and novated the same to RHB Bank, which become the new acquirer for the Proposed Acquisition.

As announced on 19 April 2011, RHB Bank and the Vendor had subsequently on 18 April 2011, by way of an exchange of letter, mutually agreed to further extend the period to satisfy or waive the condition precedent based on the terms of the CSPA to 31 December 2011. The extension of the CSPA is conditional upon, inter-alia, permission and approval from RHB Bank for Bank Mestika to distribute dividend to the Vendor no later than 19 May 2011, pending which, the CSPA will only be extended until 19 May 2011 ('Initial Extension Period'). In the event the Initial Extension Period lapses, the CSPA will be deemed automatically terminated.

RHB Bank has subsequently agreed to give its permission and approval for Bank Mestika to distribute dividend out of the retained earnings accumulated subsequent to the financial year ended 31 December 2008 to the Vendor and the dividend distribution will not have any impact on the purchase consideration for the Proposed Acquisition or the price-to-book ratio represented by the purchase consideration for the Proposed Acquisition.

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

The Proposed Acquisition, Proposed Rights Issue and Proposed Options did not have any material effect on the earnings of the Group for the six months ended 30 June 2011. The Proposed Acquisition is expected to contribute positively to the future revenue and earnings of the Group.



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B8. Status of Corporate Proposals (continued)

(b) Member's Voluntary Winding-Up of Indirect Wholly-Owned Subsidiaries

On 21 February 2011, the Company announced that the following wholly-owned subsidiaries of RHB Bank and RHB Investment Bank, which in turn are wholly-owned subsidiaries of the Company, had commenced members' voluntary winding-up on 16 February 2011 pursuant to Section 254(1) of the Companies Act, 1965:

Subsidiaries of RHB Bank:

- (i) Utama Gilang Sdn Bhd ('Utama Gilang'); and
- (ii) RHB Delta Sdn Bhd ('RHB Delta');

Subsidiary of RHB Investment Bank:

- (i) RHB Marketing Services Sdn Bhd ('RHB Marketing Services').

Utama Gilang, RHB Delta and RHB Marketing Services are companies incorporated in Malaysia and are presently dormant.

The winding-up of Utama Gilang, RHB Delta and RHB Marketing Services will not have any material effect on the Group's performance for the financial year ending 31 December 2011.

(c) Dividend Reinvestment Plan of RHB Capital Berhad

On 1 March 2011, RHB Investment Bank on behalf of the Company, announced that as part of the Company's capital management plan and to enhance the Company's shareholders' value, the Company has proposed to undertake a dividend reinvestment plan that provides the shareholders the option to elect to reinvest their cash dividend declared by the Company (whether interim, final, special or any other cash dividend) ('Dividend') in new ordinary shares of RM1.00 each in the Company ('RHB Capital Shares') (hereinafter referred to as 'Dividend Reinvestment Plan'). Approval from shareholders for the Dividend Reinvestment Plan and the issuance of New Shares arising from the Dividend Reinvestment Plan was obtained at the Extraordinary General Meeting held on 6 April 2011.

The Dividend Reinvestment Plan further provides that whenever a cash dividend (either an interim, final, special or other dividend) ('Dividend') is proposed, the Board may, in its absolute discretion, determine that the Dividend Reinvestment Plan to be applied to the whole or a portion of the cash Dividend and where applicable, any remaining portion of the Dividend will be paid in cash.

RHB Investment Bank on behalf of the Company had on 23 May 2011 announced that pursuant to the Dividend Reinvestment Plan, the Company has issued and allotted 38,441,644 new RHB Capital Shares of RM1.00 each on 20 May 2011 which was applied to the final dividend declared for the financial year ended 31 December 2010. The said new RHB Capital Shares are listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., Monday, 23 May 2011. With the listing of the said new RHB Capital Shares, the enlarged issued and paid-up share capital of the Company amounted to 2,191,916,339 ordinary shares of RM1.00 each.

(d) Proposed Multi-Currency Euro Medium Term Note Programme ('EMTN Programme') of up to USD500 Million Nominal Value (or its Equivalent in Other Currencies) for RHB Bank

As announced by the Company on 11 May 2011, the Securities Commission ('SC') had on 9 May 2011, approved RHB Bank's application for the EMTN Programme, under which RHB Bank may issue up to USD500 million in nominal value (or its equivalent in other currencies) of senior medium term notes, pursuant to the deemed approval under Section 212(5) of the Capital Markets & Services Act 2007.

The proceeds raised from the EMTN Programme will be utilised by RHB Bank and its subsidiaries for general working capital and other corporate purposes, including but not limited to the provision of advances of such proceeds or part thereof by RHB Bank to any of its subsidiaries, and repayment of borrowings (if applicable).

RHB Bank has yet to issue the said EMTN as at to date.



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B8. Status of Corporate Proposals (continued)

(e) Proposal to Commence Preliminary Negotiations for a Merger of Businesses

- (i) The Company announced on 1 June 2011 that CIMB Group Holdings Berhad ('CIMBG') and Malayan Banking Berhad ('MBB') had formally informed that Bank Negara Malaysia has no objection in principle for CIMBG and MBB to commence preliminary negotiations with RHB Capital and its substantial shareholders for a possible merger of the businesses ('Proposed Negotiations').
- (ii) On 3 June 2011, RHB Investment Bank on behalf of the Company, announced that the Company has submitted an application to BNM for approval to commence negotiations with CIMBG and MBB pursuant to the Proposed Negotiations.
- (iii) As announced on 7 June 2011 by RHB Investment Bank on behalf of the Company, BNM has, vide its letter dated 6 June 2011 given approval to the Company to commence the Proposed Negotiations for three (3) months from the date of BNM's letter.
- (iv) Subsequently, on 23 June 2011, RHB Investment Bank on behalf of the Company, announced that RHB Capital has been notified by CIMBG and MBB on their decision not to pursue with the Proposed Negotiations.

(f) Proposed Senior Notes and/or Subordinated Notes under a Multi-Currency Medium Term Note Programme of up to RM3.0 Billion in Nominal Value (or its Equivalent in Other Currencies) ('MCMTN Programme') by RHB Bank

The Company announced on 7 July 2011, RHB Bank has obtained approval from the Securities Commission on 5 July 2011 for the establishment of MCMTN Programme and the issue of senior notes and/or subordinated notes ('Subordinated Notes').

In addition, the approval from Bank Negara Malaysia ('BNM') for the issuance of Subordinated Notes has also been obtained on 27 May 2011 (upon terms and conditions therein contained). The Subordinated Notes issued under the MCMTN Programme will qualify as Tier 2 capital of RHB Bank subject to compliance with the requirements as specified in the Risk Weighted Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks (General Requirements and Capital Component) by BNM.

The proceeds raised from the MCMTN Programme will be utilised by RHB Bank and its subsidiaries for general working capital and other corporate purposes (including provision of advances by RHB Bank to any of its subsidiaries) and repayment of borrowings (if applicable).

RHB Bank has yet to issue the said MCMTN as at to date.



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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 As at 30 June 2011	Audited As at 31 Dec 2010
	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Deposits from customers		
- one year or less	101,638,213	93,955,320
- more than one year	1,259,702	478,508
	<u>102,897,915</u>	<u>94,433,828</u>
Deposits and placements of banks and other financial institutions		
- one year or less	11,794,070	9,481,671
- more than one year	515,028	584,486
	<u>12,309,098</u>	<u>10,066,157</u>

	Group		Company	
	Unaudited As at 30 June 2011	Audited As at 31 Dec 2010	Unaudited As at 30 June 2011	Audited As at 31 Dec 2010
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Unsecured:				
Revolving credits	698,447	724,422	722,102	815,449
Overdrafts	560	-	560	-
Term loans - RM	800,675	800,807	1,062,520	1,062,581
Term loan - USD	772,035	819,362	-	-
RM600 million 6 years Serial Fixed Rate Bonds	-	310,238	-	310,238
RM350 million Fixed Rate Bonds	355,096	354,111	355,096	354,111
RM150 million 7 years Commercial Papers/Medium Term Notes	-	74,000	-	74,000
RM1.1 billion 7 years Commercial Papers/Medium Term Notes	981,302	981,383	981,302	981,383
	<u>3,608,115</u>	<u>4,064,323</u>	<u>3,121,580</u>	<u>3,597,762</u>
Schedule repayment of borrowings:				
Within one year	260,277	1,496,088	445,580	1,765,712
One year to three years	1,446,267	1,682,477	1,250,000	1,482,050
Three years to five years	1,622,267	550,428	1,426,000	350,000
Over five years	279,304	335,330	-	-
	<u>3,608,115</u>	<u>4,064,323</u>	<u>3,121,580</u>	<u>3,597,762</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 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
(c) Subordinated obligations		
5.0% RM1,300 million Tier II subordinated notes 2007/2017	1,305,699	1,305,699
5.5% RM700 million Tier II subordinated notes 2007/2022	703,375	703,375
5.3% RM200 million Tier II subordinated notes 2007/2017	200,610	200,639
5.5% RM45 million Tier II subordinated notes 2008/2018	45,481	45,488
5.0% RM700 million Tier II subordinated notes 2010/2020	706,041	706,137
5.6% RM300 million Tier II subordinated notes 2010/2025	302,900	302,946
	<u>3,264,106</u>	<u>3,264,284</u>

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

(d) Hybrid Tier-1 Capital Securities

	Group	
	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 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	377,461	374,769
RM230 million 6.75% Hybrid Tier-1 Capital Securities due in 2039, callable with step-up coupon rate at 7.75% in 2019	222,930	225,624
	<u>600,391</u>	<u>600,393</u>



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B10. Derivative Financial Instruments

Details of derivative financial instruments outstanding are as follows:

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

Group	Unaudited			Audited		
	As at 30 June 2011			As at 31 Dec 2010		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
By type	RM'000	Assets RM'000	Liabilities RM'000	RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange related contracts						
- forwards	5,865,524	43,021	31,884	3,333,922	23,043	80,647
- swaps	11,272,714	44,139	45,264	7,666,945	135,533	65,471
- options	356,188	1,575	1,516	190,715	797	760
- spots	1,893,197	3,985	3,431	3,014,188	1,048	1,922
- cross-currency	1,381,187	9,846	4,290	1,245,502	12,860	11,121
Subtotal	<u>20,768,810</u>	<u>102,566</u>	<u>86,385</u>	<u>15,451,272</u>	<u>173,281</u>	<u>159,921</u>
Interest rate related contracts						
- futures	30,000	-	79	140,000	-	793
- swaps	15,792,739	123,832	80,969	13,047,782	137,624	92,990
Subtotal	<u>15,822,739</u>	<u>123,832</u>	<u>81,048</u>	<u>13,187,782</u>	<u>137,624</u>	<u>93,783</u>
Commodity contracts						
- forwards	-	-	-	17,628	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,628</u>	<u>-</u>	<u>-</u>
Total	<u>36,591,549</u>	<u>226,398</u>	<u>167,433</u>	<u>28,656,682</u>	<u>310,905</u>	<u>253,704</u>



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B10. Derivative Financial Instruments (continued)

Details of derivative financial instruments outstanding are as follows: (continued)

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

Group	Unaudited			Audited		
	As at 30 June 2011			As at 31 Dec 2010		
	Contract/ Notional Amount	Fair Value		Contract/ Notional Amount	Fair Value	
RM'000	Assets	Liabilities	RM'000	Assets	Liabilities	
By remaining period to maturity/next re-pricing date	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contracts						
- Less than 1 year	18,337,843	80,903	78,446	14,267,825	160,899	148,912
- 1 year to 3 years	1,385,365	14,155	3,710	61,850	402	-
- More than 3 years	1,045,602	7,508	4,229	1,121,597	11,980	11,009
Subtotal	20,768,810	102,566	86,385	15,451,272	173,281	159,921
Interest rate related contracts						
- Less than 1 year	4,052,005	35,441	9,337	2,676,825	32,201	9,093
- 1 year to 3 years	7,051,180	43,232	36,316	6,488,460	59,758	47,788
- More than 3 years	4,719,554	45,159	35,395	4,022,497	45,665	36,902
Subtotal	15,822,739	123,832	81,048	13,187,782	137,624	93,783
Commodity contracts						
- Less than 1 year	-	-	-	17,628	-	-
Subtotal	-	-	-	17,628	-	-
Total	36,591,549	226,398	167,433	28,656,682	310,905	253,704



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B10. Derivative Financial Instruments (continued)

ii) Derivative financial instruments classified by remaining period to maturity/next re-pricing date (whichever is earlier) as at 30 June 2011

Group

Items	Principal amount RM'000	1 month or less RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 3 years RM'000	> 3 years RM'000
Foreign exchange related contracts							
- forwards	5,865,524	1,038,324	1,440,200	1,191,282	1,200,072	995,646	-
- swaps	11,272,714	6,216,032	4,062,392	163,134	503,287	327,869	-
- options	356,188	161,289	161,486	33,413	-	-	-
- spots	1,893,197	1,893,197	-	-	-	-	-
- cross-currency	1,381,187	-	53,544	8,431	211,760	61,850	1,045,602
Interest rate related contracts							
- futures	30,000	-	-	30,000	-	-	-
- swaps	15,792,739	1,033,201	319,305	424,576	2,244,923	7,051,180	4,719,554
Total	36,591,549	10,342,043	6,036,927	1,850,836	4,160,042	8,436,545	5,765,156



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B10. Derivative Financial Instruments (continued)

iii) Derivative financial instruments classified by remaining period to maturity/next re-pricing date (whichever is earlier) as at latest practicable date, 18 August 2011

Group

Items	Principal amount RM'000	1 month or less RM'000	> 1 – 3 months RM'000	> 3 – 6 months RM'000	> 6 – 12 months RM'000	> 1 – 3 years RM'000	> 3 years RM'000
Foreign exchange related contracts							
- forwards	7,088,751	2,344,132	1,640,922	1,395,116	966,802	741,779	-
- swaps	11,185,826	8,433,794	1,790,267	282,795	430,836	248,134	-
- options	292,772	233,002	51,180	8,590	-	-	-
- spots	2,479,096	2,479,096	-	-	-	-	-
- cross-currency	1,329,914	-	7,499	59,650	149,125	59,650	1,053,990
Interest rate related contracts							
- futures	30,000	-	-	30,000	-	-	-
- swaps	16,598,313	136,218	222,554	994,659	1,773,487	8,188,249	5,283,146
Total	39,004,672	13,626,242	3,712,422	2,770,810	3,320,250	9,237,812	6,337,136



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B10. Derivative Financial Instruments (continued)

iii) Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

(c) Derivatives that do not qualify for hedge accounting

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



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

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

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

Group	Unaudited		
	As at 30 June 2011		
	Realised Profits/ (Losses) RM'000	Unrealised Profits RM'000	Total RM'000
Operating subsidiaries	4,284,375	569,568	4,853,943
Dormant subsidiaries*	(7,929,439)		(7,929,439)
Total retained profits/(losses) of the Group	(3,645,064)	569,568	(3,075,496)
Total share of retained profits from a joint venture	1,293	-	1,293
	<u>(3,643,771)</u>	<u>569,568</u>	<u>(3,074,203)</u>
Less: Consolidation adjustments			6,253,428
Total Group retained profits			<u><u>3,179,225</u></u>

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

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



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

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

<u>Company</u>	Unaudited As at 30 June 2011 RM'000	Audited As at 31 Dec 2010 RM'000
Total retained profits of the Company:		
- Realised profits	1,140,512	1,227,315
- Unrealised losses	(25)	(25)
	<u>1,140,487</u>	<u>1,227,290</u>

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

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

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



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B12. Material Litigation

(a) Carta Bintang Sdn Bhd

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

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

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

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

Thereafter, both parties have filed their respective appeals to the Court of Appeal against the decision of the Learned High Court Judge (Please refer to A25(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim). On 22 May 2009, the Court of Appeal had dismissed CBSB's appeal against the High Court decision in respect of the return of the Deposit and claim for damages. The Court of Appeal had also dismissed the Company's appeal in respect of the return of share certificates and transfer forms. Both CBSB and the Company had filed their respective applications for leave to appeal to the Federal Court. The Federal Court had on 12 May 2010 allowed the applications for leave to appeal filed by both parties. During the hearing of the appeals at the Federal Court on 18 January 2011, the Federal Court had directed that the CBSB's appeal against the High Court decision dismissing the summary judgment application on the claim for damages and the Company's appeal against the High Court decision on the return of share certificates and transfer forms be re-heard by the Court of Appeal and further directed that CBSB's appeal to the Federal Court against the Court of Appeal decision on the return of the Deposit to be kept in abeyance until then. On 22 June 2011, the Court of Appeal recorded the agreement of both the Company and CBSB that the High Court order in respect of the dismissal of CBSB's summary judgment application for their counterclaim and the High Court order on the return of share certificates and transfer forms are set aside. The Court of Appeal also directed that CBSB's counterclaim be referred to the High Court for trial. Parties are now awaiting the hearing date for CBSB's appeal to the Federal Court against the Court of Appeal decision on the return of the Deposit.

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



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B13. Dividends Declared

An interim dividend of 8.0% less 25% tax has been declared by the directors.

- (i) Amount per share: 8.0 sen per share less 25% tax.
- (ii) Previous corresponding period: 5.0 sen per share less 25% tax.
- (iii) Entitlement date: To be determined later
- (iv) Payment date: To be determined later

Subject to the necessary approvals being obtained, the Board of Directors have determined that the Dividend Reinvestment Plan (as detailed in note B8(c)) will apply to the proposed interim dividend of 8%, less tax amounting to RM131.5 million, in which the shareholders individually would determine the proportion of the electable portion they wish to reinvest into the Company's new shares. The book closure date will be announced by the Company at a later date.

B14. Earnings per Share

	2nd quarter ended		Six months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Basic/diluted earnings per share				
Profit attributable to equity holders of the Company (RM'000)	<u>394,619</u>	<u>339,030</u>	<u>776,743</u>	<u>688,760</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,171,217</u>	<u>2,153,475</u>	<u>2,162,395</u>	<u>2,153,475</u>
Basic/diluted earnings per share (sen)	<u>18.2</u>	<u>15.7</u>	<u>35.9</u>	<u>32.0</u>



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B14. Earnings per Share (continued)

The diluted Earning Per Share ('EPS') of the Group is calculated by dividing the net profit attributable to equity holders of the Company for the quarter and the six months ended 30 June 2011 by the weighted average number of ordinary shares in issue and adjusted for the number of shares that could have been issued under the DRP as detailed in note B8(c) .

In the diluted EPS calculation, it has been assumed that 100% of the electable portion of the proposed interim dividend payment (as stated in note B13) under the DRP will be exercised into ordinary shares in the Company. The new RHB Capital shares will be issued at an assumed price which is equivalent to the 5-day volume weighted average price of the Company's shares as at 30 June 2011 after applying a discount of not more than 10%. These calculations serve to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit attributable to the equity holders of the Company for the quarter and six months ended 30 June 2011.

The dilution effect on the basic EPS arising from the DRP is estimated to be immaterial. As a result, the diluted EPS is equal to the basic EPS for the quarter and six months ended 30 June 2011.

Other than the above, there were no other dilutive potential ordinary shares outstanding as at 30 June 2011.

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company Secretary

24 August 2011