



Creative powers
never cease
to impress one's
imagination



Through them, the simple fusion of vibrant colours that are symmetrically imprinted become a butterfly motif and an art piece.

RHB assimilates such creativity in its business environment to enhance and enrich the economy through the myriad of innovative products and services that it consistently provides.

RHB will continue to impress one's imagination by nurturing personalised relationships that transcend borders in order to migrate towards higher value-added business.

www.rhb.com.my

Chairman's report 2004



It gives me great pleasure to report that the Bank has had a successful 2004. With the aim of streamlining our operations, we observe a shift in our financial year-end from 30 June to 31 December. This has been done for consistency with that of our ultimate holding company.

FINANCIAL PERFORMANCE

It is a source of great pride that I can report the sterling effort put in by everyone involved with the bank over the last 18 months has translated into profits. Our bank recorded an annualised 3.9% increase in profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and zakat of RM639.4 million for the 18-month period to 31 December 2004. This compares with the RM410.3 million achieved for the 12 months to 30 June 2003. This stronger performance was notched on the back of a 15.3% decline in loan loss provisions. Also aiding the cause was the improved asset quality brought about by a 15.6% reduction in the volume of non-performing loans ("NPL"). This improvement can be seen through the shift in the net NPL ratio from a high of 8.4% in June 2003 down to 6.3% in December 2004.

We have rewarded ordinary shareholders by way of payment of two interim dividends in respect of the current financial period to be followed by a proposed final gross dividend subject to shareholder approval. The dividend payout comprised a first interim dividend of 1.63% less tax and a second interim dividend of 3.80% less tax totaling RM22.88 million and RM53.35 million respectively. Shareholders will have the opportunity to vote for the payment of a final gross dividend in respect of the current financial period of 6.0% less tax at the forthcoming Annual General Meeting. This dividend payout will amount to RM84.24 million.

In respect of holders of INCPS, the bank has paid out three semi-annual dividends for the period beginning 30 June up to 30 November 2004. The first semi-annual dividend of 4.0% less tax was paid on 30 November 2003 followed by the second of 4.0% less tax paid on 31 May 2004. The third semi-annual dividend of 4.0% and 5.0% less tax was paid on 30 November 2004. These semi-annual dividends involved a payout amounting to RM39.51 million, RM39.40 million and RM48.88 million respectively.

BUSINESS DIRECTION AND CONSOLIDATION

RHB Bank Berhad ("RHB Bank") is steadily moving towards its goal of becoming a retail-oriented entity. In the past, its historical focus was towards the corporate segment. One needs only to look at the loans base to detect this shift. Indeed, the change in the composition of the Bank's loans base in the retail sector jumped 6.0% - from 28.0% in FY2003 to 33.5% in December 2004.

We aim to provide excellent service to our customers and deliver superior shareholder value.

Efforts are being stepped up to attract and enhance our services to our growing customer base. You would have noticed the implementation of several initiatives to enhance service quality and further entrench the Bank's position in the highly competitive banking sector. Several new initiatives have been put into place to this effect. For instance, each branch now has appointed a Service Ambassador whose role in promoting the Bank begins with providing a personable face, which puts a newly arrived customer at ease upon arrival.

We have also increased the number of ATM locations to provide greater customer convenience. Our ATM network now numbers 511, with more than half of these (289) located at our branch networks with the remainder in various public places including shopping malls, office complexes and various high-density consumer traffic locations.

East Malaysia offers RHB Bank huge potential now that we are well-entrenched there. The bank sees huge market potential for investment advisory services especially for products like unit trusts and bancassurance. To this end too, a separate call centre has been set up in Kuching specifically to service the Sarawak and Sabah markets.

ISLAMIC BANKING

July 2004 represented a turning point for the bank, when Bank Negara Malaysia ("BNM") granted the RHB Group a license to operate a full-fledged Islamic bank. It is a notable milestone as this makes us one of the first two commercial banking groups in Malaysia to be issued such a license.

The bank, RHB Islamic Bank Berhad ("RHB Islamic Bank") opened its doors to customers beginning 16 March 2005 and is a wholly-owned subsidiary of RHB Bank. The advantage of having a stand-alone Islamic bank is that it does not require different licenses for different services; unlike commercial banks.

As the basic tenets of Islamic banking prescribe a financial system that rewards productivity, there can be innovative financial products that facilitate business, while reducing risk. The very basis of Islamic banking principles that require financial transactions to be supported by genuine trade or business related activities, reduces the overall risk and room for speculative activities that can hamper a bank's operations.

We have not gained our Islamic banking credentials overnight. The bank has been providing Islamic banking products and services through its Islamic window known as Skim Perbankan Islam ("SPI") since 1993. Since then we have been providing consumer and commercial financing as well as Treasury products based on Syariah principles.

An interesting feature of this move towards Islamic banking is the seamless transition customers of RHB Bank who subscribe to our SPI products, services and facilities enjoy. The same savings account passbook and current account cheque book can be used so all customers of RHB Bank's SPI automatically become customers of RHB Islamic Bank. The main focus for the current year will be to strengthen the base of the Islamic bank, by building on its products, syariah compliance and marketing skills. By offering more competitive services, such as increasing the number of electronic banking kiosks, the Islamic bank is expected to continue making its presence felt in the market.



To focus on customer needs,
emanate trust and earn respect





FUTURE THRUST

As we march onwards to face the challenges ahead, I would like to remind all our stakeholders, be it our customers, business partners or employees, of the bank's mission. We aim to provide excellent service to the customer, provide challenging career and opportunities for advancement among employees, be a responsible corporate citizen and in the process deliver superior shareholder value. To achieve these objectives, the team at RHB Bank will adhere to a set of core values that comprise being focused on customer needs, emanate trust and earning respect, working as a team and continuous learning, always seeking innovation, open to new and unconventional methods and working with flexibility and above all, being efficient and effective.

Like the rest of Corporate Malaysia, we have learnt to spread our risk, and have emerged stronger as a result of previous experiences. We are now able to maintain a healthy balance due to higher diversification and lower risks of exposure to external elements beyond our control. The stronger growth of the country's economy is a reflection of the efforts and initiatives undertaken by the government to keep any derailments in check, and as the latest financial figures clearly show, these prudent decisions had a significant impact on the progress made by the nation, and we expect that this will continue to set the path for RHB Bank.

Acknowledgement

None of the achievements of the Bank would have been possible without the commitment and dedication of all our board members and employees. I would like to thank each and every one of you for your dedication and passion to realise the Bank's vision.

I also take this opportunity to record our appreciation to the Government and regulators for the aim to spur the Malaysian financial services sector to new heights, thus urging us all to meet the challenges of an increasingly competitive environment.

Our primary mission to serve our customers better will also help us ensure that we devise the most competitive, effective and efficient suite of services that will benefit all our stakeholders, and we will be able to do this in a sustained and efficient manner.

Dato' Ali bin Hassan

Chairman

15 April 2005

Operations review 2004



The year 2004 saw a marked improvement in the economy with the country registering its highest growth in four years. This certainly was a welcome development on the economic front after the period of economic tumultuousness and uncertainty, which we hope, is well and truly over. Indeed, the economy surged into recovery with Malaysia's gross national product expanding by 7.1% in 2004. Our healthy expansion in trade and exports as well as buoyant consumer demand powered this growth, which needs to be maintained for the coming year in the face of a widely anticipated global economic slowdown.

The performance for 2004 has been extended to the 18 months leading up to 31 December 2004 in line with the change in the financial year-end from 30 June to 31 December, which aims to be consistent with that of our ultimate holding company.

The Bank has continued its positive performance in 2004 and it comes as no surprise that it was the largest earnings contributor to the Group's bottom-line for the period under review, notching a profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividend, taxation and zakat of RM639.4 million.

BANKING FOCUS

The move towards intensifying our focus on consumer banking loans, advances and financing was reflected in its expansion in size, with annualised growth of 12.0% over the period of 18 months to 31 December 2004. Growing in tandem was the financing of landed residential property and consumption credit, which now make up 34.0% of the total portfolio.

During the year, RHB Bank Berhad ("RHB Bank") instituted measures to make its credit framework more effective as well as intensifying its recovery efforts. The upshot of this manifested itself in the continuing improvement of its asset quality. Further improvement was made with a decline in net non-performing loans ("NPL") ratio to 6.3% in December 2004. This figure stood at 8.4% in June 2003.

The bank is strongly capitalised with its shareholders' equity and INCPS amounting to RM5.4 billion as at 31 December 2004. Its Risk-weighted Capital Adequacy Ratio stood at a comfortable 14.2%.



ISLAMIC BANKING

The Islamic Banking business alone, under the Skim Perbankan Islam (SPI) offered by the Islamic banking window accounts for gross financing and advances of RM3.9 billion, total deposits of RM5.0 billion and total assets of RM6.2 billion as at 31 December 2004.

The bank participated in various campaigns, seminars and road shows throughout the year as part of its commitment to the promotion of Islamic banking. It was a major supporter of the Islamic Banking and Takaful Week Expo held at the Putra World Trade Centre ("PWTC") in late September/early October 2004. It also participated in the International Islamic Banking & Finance Conference held at Sunway Resort in the first week of September 2004. These initiatives clearly demonstrate RHB Bank's commitment and determination in giving the nation's Islamic banking and finance effort its full-hearted support.

MARKETING STRATEGY AND INNOVATIVE TECHNOLOGY

The Bank is leveraging on the formation of The RHB Group Cross Selling Committee ("GCSC") of which it is a member. Its objective is to enhance customer synergy through marketing of Group products and services on joint marketing efforts. In addition to cross-selling of the Bank's products to the Bank's own clients, its cross-selling activities include the sale of Group insurance and unit trust products, participation in joint deals with the merchant banking and securities arm for share trading and share margin financing.

The GCSC has the task of formulating strategies, co-ordination, overseeing and monitoring all implementation of cross-selling initiatives within the Group, which will continue being a core focus in the current year, to expand on the current initiatives and further boost revenue for the bank.

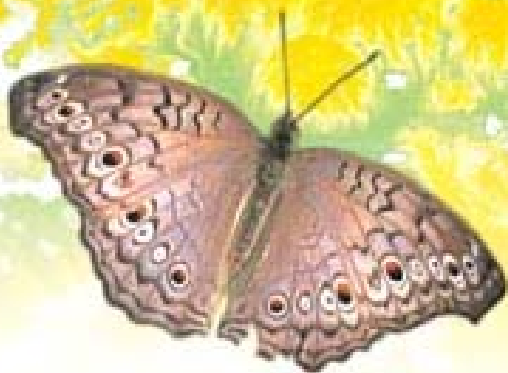
To further step up existing efforts to offer streamlined and efficient banking solutions to customers, MyKiosk was officially launched at the Bangsar Baru branch in October 2004. This interactive Internet kiosk allows for easier registration and enrolment for Internet Banking which is in consonance with the service's tagline; *'The convenient way to bank.'* Customers to the service now can have access to RHB Bank's round-the-clock Internet banking service. These customers can also now shop electronically with the launch of RHB Bank's Online Shopping service during the National E-Commerce Week celebrations in September last year.

TRANSITIONAL MANAGEMENT COMMITTEE

With the departure of Mr Michael Hague, the then Chief Executive Officer in December 2003, the position was left vacant. Whilst awaiting the appointment of the new Chief Executive Officer, Bank Negara Malaysia approved the set-up of the Transitional Management Committee, which comprised the Chairman of the Bank, a board member of the Bank, Head of Consumer Banking Division, Head of Operations Service and the Executive Director of the Bank. The Committee met once a week or as needed.



To continuously provide
value-added products
and services





To strengthen the Management Team, a new position of a Chief Operating Officer was created. Thomas T.C. Chen, who joined RHB Bank Bhd as Chief Operating Officer on 30 August 2004, has 22 years of experience in international banking under his belt. His exposure to regional and global banking, particularly in the United States, Asia and the Middle East, has equipped him with a unique knowledge of not only the financial services industry but the varied needs of banking customers as well.

Chen is expected to play a big role in underpinning the Bank's efforts to place a risk management framework that will ultimately be compliant with Basel II regulations. He will also be focused on service quality, efficiency, delivery capability and cost improvement of the Bank.

Executive leadership at the bank resides with Michael Barrett, taking over the position of Chief Executive Officer beginning January 2005. Barrett has stepped out of retirement after serving as CEO/President of Chase USA in Wilmington, Delaware. Barrett is no stranger to this region having worked to build up that Bank's consumer banking presence in the region back in the early 1990s.

He is expected to bring to bear his considerable experience, knowledge and expertise of the banking environment in this region, which bodes well for RHB Bank's consumer business at home and abroad.

Barrett is expected to provide RHB Bank with the relevant expertise on all aspects of banking and financial services, with particular emphasis on retail, commercial, corporate and technology banking as well as treasury and strategic planning.

We believe RHB Bank would improve its marketing positioning, enhance earnings growth as well as overall efficiency levels.

SERVICES

The Bank's credit card business is destined to grow further with the introduction of a full suite of credit cards to cater to more varied segments of the market. There are offerings now at either end of the affordability spectrum with the EVO Card for the young and young at heart. The Visa Infinite Card meanwhile, launched in February 2005 is aimed at an upmarket clientele, and offers a range of superior and unparalleled services that are expected to draw even more customers to sign-up. Its introduction was even more significant, considering the fact that RHB Bank was the first in Malaysia to issue the Visa Infinite. Taking advantage of the increasing popularity of no-frills flying, RHB Bank has also launched the AirAsia Credit Card, which enables customers to hook on to special promotions from the airline without hassle.

To leverage on the
Group's strengths
for greater achievements



Operations review 2004



The Bank also offers selected clients the option of Infinity Banking, launched in January 2005, which manages priority banking to a new level of value-added products and services. The accent is on personalised recognition, innovative products and services, wealth building and preservation, convenient access and quality service. As an added bonus, clients will also get invited to exclusive lifestyle events.

For building the commercial and SME customers, RHB BizPower provides an easy platform to obtain financing. RHB Bank holds the distinction of being the first commercial bank to use a credit scoring approval process for this important business sector, which promises a hassle free, quick turnaround of 48-hour approvals for SME business loans.

CONCLUSION

Now that the fervour of consolidation has settled, the bank is in a good position to build on the gains made last year. It is able to leverage on the Group's strengths and core competencies to notch greater achievements this year. With RHB Islamic Bank already up and running and well on the way to becoming among the top three Islamic banks in the country within five years, we therefore have a clear goal to aim. Indeed, our aggressive expansion will continue this year as we continue to expand our traditional businesses and build on our core competencies to further strengthen the RHB Bank brand and increase our customer base substantially.

With the core values of customer focus, respect, team work, innovation and quality articulating our corporate strategy, the results would continue to be positive, measurable and dramatic. By promising to deliver competitive world class services and understanding the needs of our customers, we set out to make them the foundation of everything we do. This perspective has opened up tremendous new opportunities, which has enabled RHB Bank to expand its traditional businesses and competencies by moving into new adjacencies, which hold great promise for RHB Bank.

RHB Group Achievements and awards



Asiamoney Annual Awards 2005
Best Local Brokerage
RHB Securities Sdn Bhd



Asiamoney Annual Awards 2005
Best Overall Macroeconomics
RHB Research Institute Sdn Bhd



Asiamoney Annual Awards 2005
Best Services for All Trade Needs
RHB Bank Berhad



Standard & Poor's The STAR
Investment Funds Award Malaysia 2004
**Best Performing Equity Malaysia Fund
over 3 years**
RHB Malaysia Recovery Fund



Standard & Poor's The STAR
Investment Funds Award Malaysia 2004
**Best Performing Sector
- TMT Malaysia Fund over 1 year**
RHB Technology Fund



With Appreciation from the Selangor
and Federal Territory Association
for Retarded Children



Anugerah Persekutuan
Orang Pekak Malaysia 2003
Caring Hearts
RHB Unit Trust



The Edge-Lipper
Malaysia Unit Trust Fund Awards 2003
**RHB Technology Fund
- No.1 in Equity Information
& Technology Funds**
RHB Unit Trust Management Sdn Bhd



The Edge-Lipper
Malaysia Unit Trust Fund Awards 2003
**RHB Malaysia Recovery Fund
- No.1 in Equity Growth Funds**
RHB Unit Trust Management Sdn Bhd

RHB Group Corporate highlights



2 September 2004

National E-Commerce Week 2004



10 August 2004

The Edge Kuala Lumpur Rat Race 2004



12 October 2004

Listing of Air Asia Berhad on Bursa Malaysia
Underwriting Ceremony for the Retail Offering



28 October 2004

"Berbuka Puasa" – RHB Iftar



28 October 2004

Official Opening of Surau An-Nur, RHB Centre



5 December 2004

RHB Group Hari Raya & Deepavali Open House



25 January 2005

FinanceAsia 'Annual Capital Markets Conference'



25 February 2005

RHB Bintang di Hati



1 March 2005

Official Launch of RHB Islamic Bank Berhad and
Handover of Islamic Banking Operating Licence

RHB Bank

Corporate highlights



10 June 2004
MASJA Biz Power & Zakat



28 June 2004
The RHB EVO Mastercard Exclusive of Spider-man 2



2 July & 14 August 2004
RHB Bank's Staff Children's Academic Excellence Award



11 September 2004
EVO Malaysian Idol Party



5 October 2004
RHB MyKiosk Internet Banking Launch



8 October 2004
Hari Wanita & Takaful



24 November 2004
Malaysia International Fashion Awards (MiFA) in conjunction with Kuala Lumpur-Asia Fashion Week (KLAFFW)



19 January 2005
RHB Bank 'Infinity Banking' Launch



27 January 2005
VISA Infinite Credit Card Press Launch

RHB Bank Corporate highlights



STAR Inter SSOs Award

25 September 2004
RHB Complex, Bangi



Corporate governance statement

Introduction

The Board of Directors ('Board') of RHB Bank Berhad ('RHB Bank' or 'the Bank') is pleased to report on the application by the Bank and its subsidiary companies ('Group') of the principles contained in the Malaysian Code on Corporate Governance ('Code') and the extent of compliance with the best practices of the Code. Although the Bank is not a listed company, the Board has endeavoured to apply the principles and comply with the relevant best practices of corporate governance as set out in the Code.

BOARD OF DIRECTORS

The Board

The Board subscribes to the principles of good corporate governance and as such, will always ensure that the Bank and its Group achieve best practice in the conduct of the Bank's and of the Group's business and operational activities. An indication of the Board's commitment is reflected in the conduct of regular Board meetings by the Bank and the incorporation of various processes and systems to achieve a risk awareness culture as well as the establishment of relevant Board Committees and Management Committees at the Bank and its operating subsidiaries.

Composition of the Board

The Board currently has eleven (11) members, comprising the Non-Independent Non-Executive Chairman, the Non-Independent Non-Executive Deputy Chairman, the Executive Director, two (2) Independent Non-Executive Directors and six (6) Non-Independent Non-Executive Directors. This is in line with the Bank Negara Malaysia's Guidelines (BNM/GP1), which requires that at least two (2) Directors to be Independent Non-Executive Directors.

The Directors bring together to the Board a wide range of business management skills, as well as banking and financial experience required for the management of one of the largest Bank in the country. All Board members participate fully in the deliberation and decision making process on the key issues involving the Group.

There are clear division of responsibilities between the Board and the CEO to ensure the balance of power and authority. The CEO's primary responsibilities are to manage the Bank's day-to-day operations and together with the Executive Director (Japanese Desk) and the Non-Executive Directors ensure that the strategies are fully discussed and examined, and taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Bank and the Group conducts its business. In addition to the role and guidance of the Independent Non-Executive Directors, each Director nevertheless brings an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorised by the Board of Directors. As such, no individual or a group of individuals dominates the decision making process. This enables the Board to effectively discharge its principal responsibilities as set out in the Code.

The profile of each Director is presented on page 6 to page 11 of the Annual Report.

Board Meetings

The Board meets on a scheduled basis at least once a month with additional meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings.

The Board met thirty-four (34) times during the financial period ended 31 December 2004. The attendance of each Director in office at the end of the financial period at the aforesaid Board meetings are set out below:-

Corporate governance statement

Name of Director	Total meetings attended	Percentage of attendance (%)
Dato' Ali Hassan	30/34	88
Abdullah Mat Noh	33/34	97
Dato Sri Sulaiman Abdul Rahman Taib	21/34	62
Dato' Abdul Rashid Ahmad	32/34	94
Haji Khairuddin Ahmad	29/34	85
Vaseehar Hassan Abdul Razack	30/34	88
Dato' Mohd Salleh Hj Harun 1 *	10/12	83
Dato' Othman Jusoh 2 *	9/11	82
Akira Miyama	32/34	94

Notes:-

(1) Appointed on 20/08/2004

(2) Appointed on 23/08/2004

* Based on the number of meetings held since he was appointed to the Board

Prof. Balachandran a/l A. Shanmugam was appointed on 3 March 2005

Johari Abdul Muid was appointed on 1 April 2005

Pursuant to BNM/GP1, a Non-Executive Director who has attended less than 75% of the Board meetings without valid reason for two (2) consecutive years shall be discharged without any termination benefits.

Scheduled Board meetings are structured with a pre-set agenda. The Board's principal focus amongst others is the overall strategic direction, financial and corporate developments of the Bank. Key matters such as the Bank's business and marketing strategy and budget, annual interim results, material contracts, major capital expenditure and credit policies and guidelines are reserved for the Board's decision. Minutes of meetings of the various committees of the Bank are tabled to the Board for notation. Agenda and Board papers are circulated prior to the Board meetings to give Directors time to consider and deliberate on the issues to be raised at the Board meetings. The Directors have full access to the senior management of the Group and the advice and services of the Company Secretaries.

In addition, the Directors may also seek independent professional advice, at the Bank's expense, if required. Directors may also consult with the Chairman and other Board members prior to seeking any independent professional advice.

BOARD COMMITTEES

Audit Committee

The Board has established an Audit Committee since 13 December 1984. The Committee presently comprises two (2) Independent Non-Executive Directors of whom one (1) is the Chairman and one (1) Non-Independent Non-Executive Director.

The Audit Committee meets regularly to review the Bank's and the Group's financial reporting, the nature, scope and results of audit reviews, and the effectiveness of the system of internal controls and compliance. The Head of Finance, internal auditors as well as the external auditors are invited to these meetings as and when necessary.

The composition and terms and reference and the activities of the Audit Committee during the financial period ended 31 December 2004 are set out under the Audit Committee Report on page 32 to page 34 of this Annual Report. The Audit Committee will meet the external auditors without the presence of Executive Board members and management at least once a year.

Corporate governance statement

Relationship with the Auditors

The Board maintains a formal and transparent professional relationship with the auditors, through the Audit Committee. The role of the Audit Committee in relation to the internal and external auditors is described in the Audit Committee Report set out on page 32 to page 34 of this Annual Report.

BOARD COMMITTEES (CONTINUED)

Nominating Committee

The Board has established the Nominating Committee since 5 September 2002. The Committee currently comprises the Chairman and Deputy Chairman of the Bank, one (1) Independent Non-Executive Director as the Chairman, and two (2) Non-Independent Non-Executive Directors.

It meets at least once a year and is responsible for assessing the effectiveness of individual Directors, Board as a whole and performance of Chief Executive Officer and key senior management, and identifying, nominating and orientating new Directors to enhance corporate governance.

Remuneration and Human Resource Committee

The Board has established the Remuneration and Human Resource Committee since 4 May 2000. The Committee currently comprises one (1) Independent Non-Executive Director as the Chairman and three (3) Non-Independent Non-Executive Directors.

The Committee is responsible to evaluate the performance and remuneration of the executive directors and key senior management and to recommend on the policies and framework in relation to rewards and benefits.

Risk Management Committee

The Board has established the Risk Management Committee since 30 January 2001. Currently, the Committee comprises two (2) Independent Non-Executive Directors of whom one (1) is the Chairman and two (2) Non-Independent Non-Executive Directors.

The Committee meets monthly with the objective of assisting the Board in carrying out its responsibilities in relation to managing the Bank's range of inter-related risks in an integrated manner.

Executive Committee

The Board has established an Executive Committee since 2 August 1984. The Committee currently comprises the Chairman and Deputy Chairman of the Bank, three (3) Non-Independent Non-Executive Directors and the Executive Director.

It meets monthly and has full authority as delegated by the Board to approve all operational plans and activities of the Bank within the budgets and targets as approved by the Board.

Loans Committee

The Board has established the Loans Committee since 4 July 2001. It meets twice monthly and has full authority to affirm, impose additional covenants or veto credits approved by the Credit Committee to ensure adherence to the Bank's credit policies and procedures. Currently, the Committee comprises the Chairman and Deputy Chairman of the Bank, three (3) Non-Independent Non-Executive Directors and the Executive Director.

Re-Election of Directors

In accordance with the Bank's Articles of Association, one-third (1/3) of the Directors shall retire from office at each Annual General Meeting. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial period are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

Corporate governance statement

Directors' Remuneration

The remuneration of Directors is determined at levels, which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of the Executive Director, his remuneration is structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned in the Bank and in the Group.

All Non-Executive Directors receive fees from the Bank for their services rendered which are approved at the Annual General Meeting by the shareholders before payment is made.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to stakeholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists by scrutinising the information to be disclosed, to ensure accuracy and adequacy. A Statement by Directors of their responsibilities in preparing the financial statements is set out on page 141 of this Annual Report.

Internal Control

The Statement on Internal Control set out on page 30 to page 31 of this Annual Report provides an overview of the state of internal controls within the Group.

Internal control statement

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's Revamped Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their internal controls. The guidelines for directors on internal control, the Statement on Internal Control : Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements.

Although the Bank is not a listed company, the Board has endeavoured to prepare its Internal Control Statement in accordance with the Guidance.

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of maintaining a sound system of internal controls and risk management practices as well as good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, directives and guidelines.

The system of internal controls involves each key operating company in the Group and its management, including the Board, and is designed to meet the Group's business objectives and to manage the risks to which it is exposed. The Board acknowledges that risks cannot be completely eliminated. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating, managing and reporting on the significant risks that may affect the achievement of its business objectives throughout the financial year under review and up to the date of this report. This process is regularly reviewed by the Board to ensure proper management of risks and appropriate measures are timely taken to mitigate any identified weaknesses in the control environment.

The Board has established a Risk Management Committee since 30 January 2001 to further strengthen the Group's risk management process. The Risk Management Committee meets regularly with the objective of assisting the Board in carrying out its responsibilities in relation to managing the Group's range of inter-related risks in an integrated manner.

A Risk Management Division has also been established to assist the Risk Management Committee in discharging its duties.

CONTROL SELF-ASSESSMENT PROCESS

Central to the Group's internal control system is its Control Self-Assessment ("CSA") process, which covers all key business units in the Group. These companies are required to document the controls and processes for managing the risks arising from their business activities and assess their effectiveness.

The Audit Committee regularly reviews the CSA process being implemented at the key business units as well as the results of review by the internal auditors on the CSA activities undertaken by business units.

Internal control statement

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control system, which has been reviewed by the Board are described below: -

- The management of the various companies in the Group is delegated to the respective chief executive officer, whose role and responsibilities and authority limits are set by the respective Board. Appointment of such officers at the companies concerned requires the approval of their respective Board;
- Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the entire Board;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.
- Policies and procedures manuals for key processes are documented and regularly updated for application across the Group. These are supplemented by operating standards set by the individual company, as required for the type of business or geographical location of each company;
- There is clear procedure for investment appraisal, including equity investment or divestment and capital expenditure;
- There are proper guidelines for hiring and termination of staff, training programmes for staff, annual performance appraisal and other relevant procedures in place to achieve the objective of ensuring staff are competent to carry out their responsibilities;
- Regular and comprehensive information is provided to management for monitoring of performance against the strategic plan approved by the Board, covering all key financial and operational indicators;
- A detailed budgeting process is established requiring all key operating companies in the Group to prepare budgets annually, which are discussed and approved by the Board. Effective reporting system on actual performance against approved budgets is in place and significant variances are followed up by management and reported at the Board;
- Ongoing reviews of the internal control system are carried out by the internal auditors. Results of such reviews are reported to the Audit Committee. The work of the internal auditors is focused on areas of priority as identified by risk analysis and in accordance with the annual internal audit plan approved by the Audit Committee. The head of internal audit function reports to the Audit Committee; and
- The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement by both the internal and external auditors on the state of the internal control system. The minutes of the Audit Committee meetings are tabled to the Board.

Audit committee report

During the financial period ended 31 December 2004 ("period"), a total of 20 Audit Committee ("Committee") meetings were held. The Committee comprises of the following members and details of attendance of each member at the Committee meetings held during the period are as follows :-

Composition Of The Committee	No. Of Meetings Attended Whilst In Office
1. Dato' Mohd Salleh Hj Harun – Appointed on 1/10/2004 (Chairman / Independent Non-Executive Director)	2 out of 2 meetings
2. Dato' Othman Jusoh – Appointed on 1/10/2004 and resigned on 16/3/2005 (Member / Non-Independent Non-Executive Director)	2 out of 2 meetings
3. Tuan Haji Khairuddin Ahmad (Member / Non-Independent Non-Executive Director)	19 out of 20 meetings
4. Lim Cheng Yeow – Retired on 1/10/2004 (Chairman / Independent Non-Executive Director)	18 out of 18 meetings
5. Dato' Lim Kong Wai – Retired on 1/10/2004 (Member / Independent Non-Executive Director)	18 out of 18 meetings

On 1 October 2004, YBhg Dato' Mohd Salleh Hj Harun and YBhg Dato' Othman Jusoh were appointed as Chairman and member of the Committee respectively in place of Mr Lim Cheng Yeow and YBhg Dato' Lim Kong Wai who have retired as Chairman and member of the Committee respectively on the same day.

On 16 March 2005, Prof. Balachandran a/l A. Shanmugam, an Independent Non-Executive Director, was appointed as the member of the Committee in place of YBhg Dato' Othman Jusoh who has resigned as the member of the Committee on the same day.

The Committee reviewed the unaudited quarterly and half-year results, and the audited financial statements of the Bank and the Group prior to their approval by the Board. It also reviewed the new accounting standards applicable in the preparation of the consolidated financial statements.

The Committee reviewed the related party transactions ("RPTs") and the adequacy of the Group's procedures for monitoring and reviewing of RPTs.

The Committee reviewed with the external auditors, the nature and scope of their engagement and audit plan, their fees as well as the findings emanating from their examination of the annual financial statements. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval.

The Committee reviewed the scope and adequacy of the internal audit plans, including resource needs. It also reviewed the results of the risk-based audit work carried out by the internal auditors and the status of completion of the internal audit plans on all relevant companies of the Group. Where necessary, the Committee directed actions to be taken by management to rectify and improve the system of internal controls and procedures. During the 18-month period to 31 December 2004, a total of 307 internal audit reports were tabled to the Committee.

The Committee reviewed the control self-assessment ("CSA") exercise implemented during the financial year at principal operating companies in the Group and the results of review by the internal auditors on the CSA activities undertaken by each principal business unit concerned.

The Committee reviewed the inspection and examination reports issued by the regulatory authorities and the appropriate remedial actions taken in respect of any findings. The Committee also satisfied itself that all matters highlighted in these reports have been adequately and promptly addressed by management.

Audit committee report

The Chairman of the Committee tabled the minutes of each Committee meeting to the Board for noting, and for further action by the Board, where necessary.

INTERNAL AUDIT FUNCTION

The internal audit function is guided by its Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

The Committee approves the annual internal audit plans at the beginning of each financial year. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The CSA exercise rolled out by the internal auditors during the financial year for implementation throughout the key business units in the Bank and the Group, is in alignment with the practice of generating an embedded risk management capability and acceptable risk culture.

Upon completion of the audits, the internal auditors have closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to management and the Committee.

The internal auditors work closely with the external auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by management.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

1. To review the financial condition and performance of RHB Bank and its subsidiaries of RHB Bank.
2. To review the adequacy and integrity of RHB Bank and the RHB Bank group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
3. To review the findings of the internal auditors, and to recommend appropriate remedial action.
4. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process and to provide, by way of regular meetings, a line of communication between the Board and the external auditors.

Primary Responsibilities

1. Ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, and bad and doubtful debts. Review the balance sheet and profit and loss account for submission to the full board of directors and ensure the prompt publication of annual accounts;
2. Review internal controls, including the scope of the internal audit programme, the internal audit findings, and recommend action to be taken by management. The reports of internal auditors and AC should not be subject to the clearance of the chief executive or executive directors. The AC should also evaluate the performance and decide on the remuneration package of the internal auditors;
3. Review with the external auditors, the scope of their audit plan, the system of internal accounting controls, the audit reports, the assistance given by the management and its staff to the auditors and any findings and action to be taken. The AC should also select external auditors for appointment by the board each year; and
4. Review any related party transactions that may arise within the RHB Bank Group.

Audit committee report

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

Authority

1. The Committee is authorised by the Board to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
2. The Committee shall have direct communication channels with the external and internal auditors.
3. The Committee is authorised by the Board to obtain independent professional or other advice at the Bank's or RHB Bank Group's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.

Meetings

1. Meetings shall be held at least four (4) times a year with a quorum of two (2) members and the majority of members present shall be independent non-executive directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
2. The head of internal audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.
3. At least once a year, the Committee shall meet with the external auditors without any executive Board member present and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the Board or shareholders.
4. The Bank's Secretary shall be the Secretary of the Committee.
5. The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Composition

1. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, none of whom should be full-time executives of RHB Bank or the RHB Bank Group. The majority of the AC members should be independent non-executive directors.
2. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.
3. No alternate director shall be appointed as a member of the Committee.
4. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.
5. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

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Directors' report

The directors hereby present their report together with the audited financial statements of the Group and the Bank for the financial period 1 July 2003 to 31 December 2004.

PRINCIPAL ACTIVITIES

RHB Bank Berhad ('the Bank') is principally engaged in all aspects of banking business and in the provision of related services which also include Skim Perbankan Islam ('SPI') business.

The principal activities of the Bank's subsidiary companies consist of finance business, leasing, offshore banking, nominee services and property investment.

There have been no significant changes in the nature of these principal activities during the financial period.

CHANGE IN REPORTING PERIOD

The Bank has changed its financial year end from 30 June to 31 December to be consistent with that of its ultimate holding company, Rashid Hussain Berhad.

RESULTS

	Group RM'000	Bank RM'000
Profit before INCPS dividends and before zakat and taxation	765,968	639,439
INCPS dividends	(189,082)	(189,082)
Profit after INCPS dividends and before zakat and taxation	576,886	450,357
Zakat	(3)	-
Share of tax of an associate company	(802)	-
Taxation	(121,621)	(111,183)
Net profit for the financial period	454,460	339,174
Transfer to statutory reserves	(195,375)	(169,587)
Net profit after transfer to statutory reserves	259,085	169,587
Retained profit brought forward	593,296	602,676
Profit available for distribution	852,381	772,263
Ordinary dividends paid:		
- 31 December 2004	(142,224)	(142,224)
Retained profit carried forward	710,157	630,039

ORDINARY SHARES DIVIDENDS

The dividends proposed and paid by the Bank since 30 June 2003 were as follows: -

	RM'000
In respect of previous financial year	
Ordinary shares	
Final dividend of 4.7% less tax	65,987
In respect of current financial period	
Ordinary shares	
First interim dividend of 1.63% less tax	22,886
Second interim dividend of 3.80% less tax	53,351
	<u>142,224</u>

Directors' report

ORDINARY SHARES DIVIDENDS (CONTINUED)

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial period of 6.0% less tax amounting to RM84.24 million will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2005 when approved by the shareholders.

IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS') DIVIDENDS

The dividends paid by the Bank since 30 June 2003 were as follows:-

	RM'000
First semi-annual dividend of 4% less tax paid on 30 November 2003	<u>39,509</u>
Second semi-annual dividend of 4% less tax paid on 31 May 2004	<u>39,402</u>
Third semi-annual dividend of 4% and 5% less tax paid on 30 November 2004	<u>48,885</u>

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

NON-PERFORMING DEBTS AND FINANCING

Before the financial statements of the Group and the Bank were made out, the directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of provisions for non-performing debts and financing, and satisfied themselves that all known bad debts had been written off and adequate provisions had been made for non-performing debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of provision for non-performing debts in the financial statements of the Group and the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Bank were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Bank which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial period other than in the ordinary course of business.

No contingent or other liability of the Group or the Bank has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Bank to meet their obligations as and when they fall due.

Directors' report

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group or the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the Group and the Bank for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Bank for the financial period in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial period are disclosed in Note 2 to the financial statements.

DIRECTORS OF THE BANK

The directors of the Bank who have held office since the date of the last report are:

Dato' Ali Hassan	(Chairman)
Abdullah Mat Noh	(Deputy Chairman)
Dato Sri Sulaiman Abdul Rahman Taib	
Dato' Abdul Rashid Ahmad	
Tuan Haji Khairuddin Ahmad	
Vaseehar Hassan Abdul Razack	
Akira Miyama	(Executive Director)
Dato' Mohd Salleh Haji Harun	(appointed on 20 August 2004)
Dato' Othman Jusoh	(appointed on 23 August 2004)
Michael Andrew Hague	(Chief Executive Officer / Managing Director) – resigned on 23 December 2003
Tan Sri Dato' Mohd Sheriff Mohd Kassim	(resigned on 4 February 2004)
Datuk Azlan Zainol	(resigned on 6 November 2004)
Dato' Lim Kong Wai	(retired on 1 October 2004)
Lim Cheng Yeow	(retired on 1 October 2004)

In accordance with Article 100 of the Bank's Articles of Association, Dato' Ali Hassan and Tuan Haji Khairuddin Ahmad retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 104 of the Bank's Articles of Association, Dato' Mohd Salleh Hj Harun and Dato' Othman Jusoh, who are appointed during the period, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' report

DIRECTORS' INTERESTS IN SECURITIES

According to the register of directors' shareholding, the interests of the directors in office at 31 December 2004 in the securities of related corporations were as follows:

Number of Ordinary Shares of RM1.00 each				
	As at 1.7.2003/ Date of appointment	Bought	Sold	As at 31.12.2004
Ultimate Holding Company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib				
– Indirect ¹	226,127,000	12,000,000 [#]	–	238,127,000
Vaseehar Hassan Abdul Razack				
– Indirect ¹	226,127,000	12,000,000 [#]	–	238,127,000
Holding Company				
RHB Capital Berhad				
Dato Sri Sulaiman Abdul Rahman Taib				
– Indirect ²	1,182,896,459	–	–	1,182,896,459
Tuan Haji Khairuddin Ahmad				
– Direct	18,000	–	3,000	15,000
Vaseehar Hassan Abdul Razack				
– Indirect ²	1,182,896,459	–	–	1,182,896,459
Dato' Mohd Salleh Hj Harun				
– Direct	15,000	–	–	15,000

Number of Warrants 1997/2007				
	As at 1.7.2003	Bought	Sold	As at 31.12.2004
Ultimate Holding Company				
Rashid Hussain Berhad				
Tuan Haji Khairuddin Ahmad				
– Indirect ³	3,000	–	–	3,000

Each warrant of Rashid Hussain Berhad ('Warrants 1997/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time within a period of four and three quarter (4 3/4) years from the date of issue on 25 June 1997 at an exercise price of RM18.30 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 25 June 1997. Pursuant to a Supplemental Deed Poll dated 23 June 1999, the exercise period of the Warrants 1997/2002 has been extended by five (5) years to expire on 24 March 2007 and the Warrants 1997/2002 are now known as Warrants 1997/2007.

Directors' report

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

	Number of Warrants 1999/2009			As at 31.12.2004
	As at 1.7.2003	Bought	Sold	
Ultimate Holding Company				
Rashid Hussain Berhad				
Tuan Haji Khairuddin Ahmad				
– Direct	5,000	–	–	5,000

Each warrant of Rashid Hussain Berhad ('Warrants 1999/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time from the date of issue on 17 August 1999 at an initial exercise price of RM4.35 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 23 June 1999. Pursuant to a Supplemental Deed Poll dated 20 March 2002, the exercise period of the Warrants 1999/2002 has been extended by approximately seven (7) years to expire on 16 August 2009 and the Warrants 1999/2002 are now known as Warrants 1999/2009.

	Number of Warrants 2001/2007			As at 31.12.2004
	As at 1.7.2003	Bought	Sold	
Ultimate Holding Company				
Rashid Hussain Berhad				
Tuan Haji Khairuddin Ahmad				
– Indirect ³	13,000	–	–	13,000
Dato Sri Sulaiman Abdul Rahman Taib	8,000,000	–	–	8,000,000
– Indirect ¹				
Vaseehar Hassan Abdul Razack	8,000,000	–	–	8,000,000
– Indirect ¹				

Each warrant of Rashid Hussain Berhad ('Warrants 2001/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time from the date of issue on 4 April 2001 at an exercise price of RM1.90 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 13 February 2001. Pursuant to a Supplemental Deed Poll dated 20 March 2002, the exercise period of the Warrants 2001/2002 has been extended by five (5) years to expire on 24 March 2007 and the Warrants 2001/2002 are now known as Warrants 2001/2007.

Directors' report

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

	Number of Warrants 1994/2004			As at 31.12.2004
	As at 1.7.2003/ Date of appointment	Bought	Expired	
Holding Company				
RHB Capital Berhad				
Dato Sri Sulaiman Abdul Rahman Taib – Indirect ²	101,243,559	–	(101,243,559) [®]	–
Tuan Haji Khairuddin Ahmad – Indirect ³	3,000	–	(3,000) [®]	–
Vaseehar Hassan Abdul Razack – Indirect ²	101,243,559	–	(101,243,559) [®]	–
Dato' Mohd Salleh Hj Harun – Direct	5,250	–	(5,250) [®]	–

Each warrant of RHB Capital Berhad issued on 28 December 1994 ('Warrants 1994/1999') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in RHB Capital Berhad at any time within a period of five (5) years from the date of issue at an exercise price of RM5.40 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 7 December 1994. Pursuant to a Second Supplemental Deed Poll on 23 June 1999, the exercise period of the Warrants 1994/1999 has been extended by five (5) years to expire on 27 December 2004 and the Warrants 1994/1999 are now known as Warrants 1994/2004.

[®] The Warrants 1994/2004 expired on 27 December 2004. Any Warrants 1994/2004 not exercised on the expiry date, have lapsed and are null and void and ceased to be exercisable thereafter. Accordingly, the Warrants 1994/2004 have been removed from the Official Listing of Bursa Malaysia Securities Berhad on 28 December 2004.

Nominal Amount (RM) of 2002/2012			
0.5% Irredeemable Convertible Unsecured Loan Stocks			
of RM1 each nominal value ('RHB ICULS-A')			
As at 1.7.2003	Bought	Converted/ Sold	As at 31.12.2004

Ultimate Holding Company

Rashid Hussain Berhad

Dato Sri Sulaiman Abdul Rahman Taib – Indirect ¹	461,206,479	–	12,000,000 [#]	449,206,479
Vaseehar Hassan Abdul Razack – Indirect ¹	461,206,479	–	12,000,000 [#]	449,206,479

Each RHB ICULS-A entitles the registered holder of the RHB ICULS-A to convert into one (1) new ordinary share of RM1.00 each in Rashid Hussain Berhad ('New Share') at the conversion price of RM1.00 per New Share ('Conversion Price') at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-A dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-A equal to the Conversion Price.

Directors' report

Nominal Amount (RM) of 2002/2012
— 3.0% Irredeemable Convertible Unsecured Loan Stocks —
of RM1 each nominal value ('RHB ICULS-B')

	As at 1.7.2003	Bought	Converted/ Sold	As at 31.12.2004
Ultimate Holding Company				
Rashid Hussain Berhad				
Dato Sri Sulaiman Abdul Rahman Taib				
– Indirect ¹	403,471,898	–	–	403,471,898
Vaseehar Hassan Abdul Razack				
– Indirect ¹	403,471,898	–	–	403,471,898

Each RHB ICULS-B entitles the registered holder of the RHB ICULS-B to convert into one (1) new ordinary share of RM1.00 each in Rashid Hussain Berhad ('New Share') at the conversion price of RM1.13 per New Share ('Conversion Price') at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting RHB ICULS-B dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-B which equal to the Conversion Price or a combination of such nominal value of RHB ICULS-B and cash which aggregates to the Conversion Price, provided that at least RM1.00 nominal value of RHB ICULS-B is surrendered for conversion into one (1) New Share.

Notes:

1. Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Utama Banking Group Berhad ('UBG').
2. Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Rashid Hussain Berhad.
3. The indirect interest is held through family members.

On 3 September 2004, 12,000,000 new ordinary shares of RM1.00 each in Rashid Hussain Berhad were allotted and issued to UBG pursuant to UBG's conversion of RM 12,000,000 RHB ICULS-A.

By virtue of their indirect substantial interests in the shares of Rashid Hussain Berhad ('RHB'), Dato' Sri Sulaiman Abdul Rahman Taib and Vaseehar Hassan bin Abdul Razack are also deemed to have an indirect substantial interest in the securities of the Bank and the subsidiary companies of RHB to the extent RHB has an interest.

Other than the above, none of the other directors holding office at the end of the financial period had any interest in the shares of the Bank or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than the contracts mentioned in note 30 of the financial statements.

During and at the end of the financial period, no other arrangements subsisted to which the Bank or its subsidiaries is a party with the object of enabling directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Directors' report

DISCLOSURE OF COMMITTEES

NOMINATING COMMITTEE

A Nomination Committee was established on 5 September 2002 which was renamed as Nominating Committee on 28 August 2003. During the financial period ended 31 December 2004, a total of 15 meetings were held. The Nominating Committee comprises the following members and details of attendance of each member at the Nominating Committee meetings held during the year are as follows:-

Composition of the Nominating Committee

Attendance at the committee meetings

Current Members:

- | | |
|---|-----------------------|
| 1. Dato' Mohd Salleh Hj Harun
(Chairman / Independent Non-Executive Director)
– Appointed as Chairman on 1 October 2004 | 2 out of 2 meetings |
| 2. Dato' Ali Hassan
(Member / Non-Independent Non-Executive Director) | 13 out of 15 meetings |
| 3. Encik Abdullah Mat Noh
(Member / Non-Independent Non-Executive Director) | 15 out of 15 meetings |
| 4. Dato Sri Sulaiman Abdul Rahman Taib
(Member / Non-Independent Non-Executive Director) | 4 out of 15 meetings |
| 5. Dato' Othman Jusoh
(Member / Non-Independent Non-Executive Director)
– Appointed on 1 October 2004 | 2 out of 2 meetings |

Previous Members:

- | | |
|---|-----------------------|
| 6. Dato' Lim Kong Wai
(Chairman / Independent Non-Executive Director)
– Retired on 1 October 2004 | 13 out of 13 meetings |
| 7. Mr Lim Cheng Yeow
(Member / Independent Non-Executive Director)
– Retired on 1 October 2004 | 11 out of 13 meetings |
| 8. Tan Sri Dato' Mohd Sheriff Mohd Kassim
(Member / Non-Independent Non-Executive Director)
– Resigned on 4 February 2004 | 5 out of 6 meetings |

The Nominating Committee is responsible for assessing existing Directors and identifying, nominating and orientating new Directors to enhance corporate governance.

The Directors bring together to the Board a wide range of business management skills and banking, financial and legal experience required for the management of a large, diversified and expanding Group.

Directors' report

REMUNERATION AND HUMAN RESOURCE COMMITTEE

The Human Resource Committee was established on 4 May 2000 which was renamed as the Remuneration and Human Resource Committee on 28 August 2003. During the financial period ended 31 December 2004, a total of 17 meetings were held. The Remuneration and Human Resource Committee comprises the following members and details of attendance of each member at the Remuneration and Human Resource Committee meetings held during the year are as follows:-

Composition of the Remuneration and Human Resource Committee

Attendance at the committee meetings

Current Members:

1. Dato' Mohd Salleh Hj Harun (Chairman / Independent Non-Executive Director) – Appointed as Chairman on 1 October 2004	2 out of 2 meetings
2. Dato Sri Sulaiman Abdul Rahman Taib (Member / Non-Independent Non-Executive Director)	4 out of 17 meetings
3. Dato' Abdul Rashid Ahmad (Member / Non-Independent Non-Executive Director)	17 out of 17 meetings
4. Encik Vaseehar Hassan Abdul Razack (Member / Non-Independent Non-Executive Director)	12 out of 17 meetings

Previous Members:

5. Mr Lim Cheng Yeow (Chairman / Independent Non-Executive Director) – Retired on 1 October 2004	15 out of 15 meetings
--	-----------------------

The Remuneration and Human Resource Committee is responsible to evaluate the performance and remuneration of the executive directors and senior management and to recommend on the policies and framework in relation to rewards and benefits.

RISK MANAGEMENT COMMITTEE

A Risk Management Committee was established on 30 January 2001. During the financial period 31 December 2004, a total of 30 meetings were held. The Risk Management Committee comprises the following members and details of attendance of each member at the Risk Management Committee meetings held during the year are as follows:-

Composition of the Risk Management Committee

Attendance at the committee meetings

Current Members:

1. Dato' Mohd Salleh Hj Harun (Chairman / Independent Non-Executive Director) – Appointed as Chairman on 1 October 2004	2 out of 2 meetings
2. Dato' Othman Jusoh (Member / Non-Independent Non-Executive Director) – Appointed on 1 October 2004	2 out of 2 meetings
3. Tuan Haji Khairuddin Ahmad (Member / Non-Independent Non-Executive Director)	29 out of 30 meetings

Directors' report

RISK MANAGEMENT COMMITTEE (CONTINUED)

Composition of the Risk Management Committee

Previous Members:

4. Mr Lim Cheng Yeow (Chairman / Independent Non-Executive Director) – Retired on 1 October 2004	27 out of 28 meetings
5. Dato' Lim Kong Wai (Member / Independent Non-Executive Director) – Appointed as a member on 12 February 2004 and retired on 1 October 2004	9 out of 14 meetings
6. Tan Sri Dato' Mohd Sheriff Mohd Kassim (Member / Non-Independent Non-Executive Director) – Resigned on 4 February 2004	11 out of 14 meetings

Attendance at the committee meetings

The Risk Management Committee is responsible to provide oversight and management of all risks in the Bank and to ensure that there is an ongoing process to continuously manage the Bank's risks proactively.

A Statement on the Bank's Risk Management Framework is set out in Note 38 of the Financial Statements for the financial period ended 31 December 2004.

HOLDING AND ULTIMATE HOLDING COMPANY

The directors regard RHB Capital Berhad and Rashid Hussain Berhad, both companies incorporated in Malaysia, as the holding and ultimate holding company respectively.

2005 BUSINESS PLAN AND OUTLOOK

The Bank will continue to emphasize the growth of retail banking as part of its strategy to reshape the business of the Bank. The reshaping of the Bank will be complemented by initiatives towards the provision of customer focused banking solutions, products and services innovation and group and Bank cross selling, all of which will be underpinned by a new risk framework.

A new Islamic Banking subsidiary is expected to be launched in 2005 to meet the demands of existing and potential customers for such products and services. The existing Islamic banking products and services offered under the present window, such as Islamic home loans, Islamic cash line and Islamic trade finance will continue to be offered by the new Islamic Banking subsidiary.

Directors' report

RATINGS BY AGENCIES

During the financial period, the Bank was rated by the following external rating agencies:

Agencies	Date Accorded	Ratings
Rating Agency Malaysia Berhad	31 July 2004	Long Term Rating – AA3 Short Term Rating – P1 Subordinated Bonds Rating – A1
Standard & Poor's	9 December 2004	Long Term Counterparty Rating – BB+ Short Term Counterparty Rating – B Subordinated Bonds Rating – BB–
Moody's Investors Service	16 December 2004	Long Term Bank Deposits Rating – A3 Short Term Bank Deposits Rating – P–1 Subordinated Debt Rating – Baa1 Bank Financial Strength – D
Fitch Ratings	8 January 2004	Long Term Senior Foreign Currency Rating -BBB Subordinated Notes Rating- BBB- Individual Rating- C/D

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with the resolution of the Board of Directors dated 26 February 2005.

DATO' ALI BIN HASSAN
CHAIRMAN

ABDULLAH MAT NOH
DEPUTY CHAIRMAN

Kuala Lumpur

Balance sheets

AS AT 31 DECEMBER 2004

	Note	Group		Bank	
		As at 31.12.2004 RM'000	As at 30.6.2003 RM'000	As at 31.12.2004 RM'000	As at 30.6.2003 RM'000
ASSETS					
Cash and short-term funds	3	11,999,653	3,987,740	11,925,427	3,524,287
Securities purchased under resale agreements		40,458	55,400	40,458	55,400
Deposits and placements with financial institutions	4	496,425	256,604	705,029	386,000
Dealing securities	5	5,046,422	7,087,400	5,045,108	7,087,400
Investment securities	6	12,891,922	8,242,483	12,180,402	7,755,473
Loans, advances and financing	7	43,105,003	41,521,542	37,607,363	38,109,113
Other assets	8	277,307	251,268	261,081	233,852
Tax recoverable		26,831	52,486	18,098	52,416
Deferred taxation assets	9	195,093	163,560	159,147	151,586
Statutory deposits	10	1,334,725	1,197,015	1,200,634	1,143,515
Investment in subsidiaries	11	–	–	792,488	792,488
Investment in an associate	12	4,601	3,417	–	–
Property, plant and equipment	13	665,812	686,339	527,827	551,129
Goodwill	14	1,004,955	1,044,724	892,950	922,950
TOTAL ASSETS		77,089,207	64,549,978	71,356,012	60,765,609
TOTAL LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY					
Deposits from customers	15	48,981,185	47,229,627	45,047,959	44,116,224
Deposits and placements of banks and financial institutions	16	6,640,593	2,680,012	6,504,493	2,637,538
Obligations on securities sold under repurchase agreements		7,500,949	2,964,119	7,462,949	2,964,119
Bills and acceptances payable		2,624,179	3,499,589	2,624,179	3,499,589
Amount due to Cagamas		3,366,851	560,026	2,038,313	154,334
Other liabilities	17	1,113,260	932,570	949,473	885,457
Taxation and zakat		261	4,164	–	819
Deferred taxation	9	22	19,537	–	–
Short term borrowings	18	–	132,500	–	–
Subordinated obligations	19	1,368,080	1,367,722	1,368,080	1,367,722
		71,595,380	59,389,866	65,995,446	55,625,802
Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS')	20	1,368,099	1,368,099	1,368,099	1,368,099
		72,963,479	60,757,965	67,363,545	56,993,901
Ordinary share capital	21	1,949,986	1,949,986	1,949,986	1,949,986
Reserves	22	2,175,742	1,842,027	2,042,481	1,821,722
Shareholders' equity		4,125,728	3,792,013	3,992,467	3,771,708
TOTAL LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY		77,089,207	64,549,978	71,356,012	60,765,609
COMMITMENTS AND CONTINGENCIES	35	41,285,480	32,585,678	40,353,377	32,061,115

The accompanying accounting policies and notes form an integral part of these financial statements.

Income statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Note	Group		Bank	
		18 months period ended	12 months year ended	18 months period ended	12 months year ended
		31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Interest income	23	4,137,240	2,470,932	3,651,063	2,065,255
Interest expense	24	(2,126,871)	(1,133,549)	(1,932,495)	(978,017)
Net interest income		2,010,369	1,337,383	1,718,568	1,087,238
Income from Skim Perbankan Islam	44(l)	197,068	104,995	196,710	95,869
		2,207,437	1,442,378	1,915,278	1,183,107
Non-interest income	25	676,441	420,365	723,523	477,441
Net income		2,883,878	1,862,743	2,638,801	1,660,548
Overhead expenses	26	(1,421,616)	(835,030)	(1,342,961)	(733,260)
Operating profit before provisions		1,462,262	1,027,713	1,295,840	927,288
Loan loss and provisioning	27	(698,996)	(603,201)	(656,401)	(516,971)
Share of results of an associate		2,702	102	–	–
Profit before INCPS dividends, zakat and taxation		765,968	424,614	639,439	410,317
INCPS dividends	28	(189,082)	(109,447)	(189,082)	(109,447)
Profit after INCPS dividends but before zakat and taxation		576,886	315,167	450,357	300,870
Zakat		(3)	(301)	–	(249)
Share of tax of an associate		(802)	–	–	–
Taxation	31	(121,621)	(62,657)	(111,183)	(46,990)
Net profit for the financial period/year		454,460	252,209	339,174	253,631
Earning per ordinary share					
– Basic earnings per 50 sen share	32	11.7 sen	6.5 sen	8.7 sen	6.5 sen
Ordinary dividend per 50 sen share less income tax	33	4.1 sen	2.1 sen	4.1 sen	2.1 sen

Statement of changes in shareholders' equity

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

GROUP	Note	Non-distributable			Distributable		Total RM'000
		Share Capital RM'000	Share Premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	Retained profits RM'000	
Balance as at 30.6.2003		1,949,986	8,563	1,249,793	(9,625)	593,296	3,792,013
Currency translation differences		-	-	-	21,479	-	21,479
Net profit for the financial period		-	-	-	-	454,460	454,460
Transfer to statutory reserves		-	-	195,375	-	(195,375)	-
Ordinary dividends paid during the period	33	-	-	-	-	(142,224)	(142,224)
Balance as at 31.12.2004		1,949,986	8,563	1,445,168	11,854	710,157	4,125,728
Balance as at 30.6.2002		3,318,085	8,563	1,058,348	(7,642)	372,280	4,749,634
- prior year adjustment - 2001		-	-	87,437	-	87,436	174,873
- prior year adjustment - 2002		-	-	(39,028)	-	41,536	2,508
- reclassification of INCPS		(1,368,099)	-	-	-	-	(1,368,099)
As restated		1,949,986	8,563	1,106,757	(7,642)	501,252	3,558,916
Currency translation differences		-	-	-	(1,983)	-	(1,983)
Net profit for the financial year		-	-	-	-	252,209	252,209
Transfer to statutory reserves		-	-	143,036	-	(143,036)	-
Ordinary dividends paid during the year	33	-	-	-	-	(17,129)	(17,129)
Balance as at 30.6.2003		1,949,986	8,563	1,249,793	(9,625)	593,296	3,792,013
BANK							
Balance as at 30.6.2003		1,949,986	8,563	1,219,868	(9,385)	602,676	3,771,708
Currency translation differences		-	-	-	23,809	-	23,809
Net profit for the financial period		-	-	-	-	339,174	339,174
Transfer to statutory reserves		-	-	169,587	-	(169,587)	-
Ordinary dividends paid during the period	33	-	-	-	-	(142,224)	(142,224)
Balance as at 31.12.2004		1,949,986	8,563	1,389,455	14,424	630,039	3,992,467
Balance as at 30.6.2002		3,318,085	8,563	1,048,852	(6,611)	369,991	4,738,880
- prior year adjustment - 2001		-	-	84,108	-	84,107	168,215
- prior year adjustment - 2002		-	-	(39,908)	-	38,892	(1,016)
- reclassification of INCPS		(1,368,099)	-	-	-	-	(1,368,099)
As restated		1,949,986	8,563	1,093,052	(6,611)	492,990	3,537,980
Currency translation differences		-	-	-	(2,774)	-	(2,774)
Net profit for the financial year		-	-	-	-	253,631	253,631
Transfer to statutory reserves		-	-	126,816	-	(126,816)	-
Ordinary dividends paid during the year	33	-	-	-	-	(17,129)	(17,129)
Balance as at 30.6.2003		1,949,986	8,563	1,219,868	(9,385)	602,676	3,771,708

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated cash flow statement

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Note	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
GROUP			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	34	12,384,711	2,707,234
Zakat paid		(421)	(227)
Taxation paid		(170,938)	(201,131)
Net cash generated from operating activities		12,213,352	2,505,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(139,307)	(125,126)
Proceeds from disposal of property, plant and equipment		11,268	17,991
Proceeds from sale of foreclosed properties		2,290	304
Net purchase of investment securities		(4,306,883)	(1,596,787)
Interest received from investment securities		472,893	197,720
Dividends from investment securities		3,764	15,172
Cash outflow from the acquisition of subsidiaries	2	-	(1,104,311)
Net cash used in investing activities		(3,955,975)	(2,595,037)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of USD sub-notes		-	567,600
Dividends paid:			
- preference shares		(127,796)	(78,802)
- ordinary shares		(142,224)	(17,129)
Net cash (used in)/generated from financing activities		(270,020)	471,669
Net increase in cash and cash equivalents		7,987,357	382,508
Effects of exchange rate differences		24,556	1,541
Cash and cash equivalents brought forward		3,987,740	3,603,691
Cash and cash equivalents carried forward		11,999,653	3,987,740
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds	3	11,999,653	3,987,740

Cash flow statement

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Note	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
BANK			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	34	12,489,198	2,144,157
Zakat paid		(421)	(226)
Taxation paid		(93,645)	(153,708)
Net cash generated from activities		12,395,132	1,990,223
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(129,288)	(120,987)
Proceeds from disposal of property, plant and equipment		11,067	17,206
Proceeds from sale of foreclosed properties		2,290	308
Net purchase of investment securities		(4,154,332)	(1,139,671)
Interest received from investment securities		439,325	170,423
Net dividends from:			
– investment securities		3,712	13,707
– subsidiaries		78,530	51,364
Investment in subsidiaries		–	(140,890)
Cash outflow from acquisition of subsidiaries	2	–	(1,016,461)
Net cash used in investing activities		(3,748,696)	(2,165,001)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of finance lease		(326)	–
Proceeds from issuance of USD sub-notes		–	567,600
Dividends paid:			
– preference shares		(127,796)	(78,802)
– ordinary shares		(142,224)	(17,129)
Net cash (used in)/generated from financing activities		(270,346)	471,669
Net increase in cash and cash equivalents		8,376,090	296,891
Cash and cash equivalents vested over from a subsidiary		–	50,991
Effects of exchange rate differences		25,050	980
Cash and cash equivalents brought forward		3,524,287	3,175,425
Cash and cash equivalents carried forward		11,925,427	3,524,287
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds	3	11,925,427	3,524,287

The accompanying accounting policies and notes form an integral part of these financial statements.

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements except as disclosed below.

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Bank have been prepared under the historical cost convention (unless otherwise indicated), and in accordance with the directives and guidelines issued by Bank Negara Malaysia ('BNM'), the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The financial statements incorporate all activities relating to Skim Perbankan Islam ('SPI') which have been undertaken by the Bank in compliance with Shariah principles.

SPI generally refers to the acceptance of deposits and granting of financing under the Shariah principles.

The new applicable Malaysia Accounting Standards Board ("MASB") Standards adopted in these financial statements are as follows:

- (i) MASB 28 "Discontinuing Operations" and MASB 29 "Employee Benefits"
There is no material impact on the financial statements as a result of the adoption of these standards.
- (ii) MASB i – 1 "Presentation of Financial Statements of Islamic Financial Institutions"
The adoption of this standard has resulted in extended disclosures of the Bank's SPI financial statements. Accordingly, comparative figures have been extended to conform with changes due to the requirement of this standard.

2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries, made up to the end of the financial period.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

All material inter-company transactions and balances have been eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with the goodwill on consolidation.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the results of associates in the income statement and its share of the post acquisition reserve movements in reserves. The cumulative post acquisition movements are adjusted against the cost of investment and includes goodwill on acquisition. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition.

3 GOODWILL

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the separable net assets of subsidiaries and associates at the date of acquisition.

Goodwill is retained as an asset in the balance sheet and is stated at cost less any impairment losses. At each balance sheet date, the Group assesses whether there is any indication of impairment in goodwill. If such indications exist, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

4 INCOME RECOGNITION

- (i) Interest income is recognised on an accruals basis. Income earned on hire purchase, block discounting and leasing business is recognised on the 'sum-of-digits' method. Interest on housing and other secured loans is recognised on a daily basis over the period of the loans.

Where an account is classified as non-performing, interest is suspended until it is realised on a cash basis. Customers' accounts are classified as non-performing when repayments are in arrears for 6 months or more from the first day of default for loans and overdrafts, and after 3 months from maturity date for trade bills, bankers' acceptances and trust receipts. The policy on suspension of interest is in conformity with BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (GP3)'.

- (ii) Dividends from subsidiaries are recognised when the shareholders' right to receive payment is established, while dividends from other investments are recognised when received.
- (iii) Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.
- (iv) Guarantee fees are recognised as income upon issuance of the guarantees. Commitment fees are recognised as income based on time apportionment.
- (v) Income from the SPI is recognised on an accruals basis in accordance with the principles of Shariah.

5 PROVISION FOR NON-PERFORMING DEBTS AND FINANCING

Specific provisions are made for non-performing debts and financing which have been individually reviewed and specifically identified as bad, doubtful or substandard.

A general provision based on a percentage of the loan portfolio is also made to cover possible losses which are not specifically identified. These percentages are reviewed annually in the light of past experience and prevailing circumstances and an adjustment is made on the overall general provision, if necessary.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The Group and the Bank's provision for non-performing debts and financing is in conformity with the minimum requirements of BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (GP3)'.

6 OTHER PROVISIONS

Provision other than for non-performing debts and financing are recognised when all of the following conditions have been met:

- (i) The Group has a present legal or constructive obligation as a result of past events;
- (ii) It is probable that an outflow of resources will be required to settle the obligation; and
- (iii) A reliable estimate of the amount can be made.

7 REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group has purchased with a commitment to resell at a future date. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group has sold from its portfolio, with a commitment to repurchase at a future date. Such financing and the obligation to repurchase the securities is reflected as a liability on the balance sheet.

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

8 DEALING SECURITIES

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value on portfolio basis.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

9 INVESTMENT SECURITIES

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to the new liquidity framework and are usually held to maturity.

Malaysian government securities, Government investment issues, Malaysian government bonds, Cagamas bonds, other Government securities, and Bank Guaranteed Private Debt Securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount to maturity date. Other Private Debt Securities are stated at lower of cost and market value on a portfolio basis and provision is made for any permanent diminution in value.

Other investment securities are stated at cost less provision for any permanent diminution in value.

Transfers, if any, between investment and dealing securities are made at the lower of carrying value and market value.

10 INVESTMENT IN SUBSIDIARIES

Subsidiaries are those corporations or other entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiaries are stated at cost less any impairment losses. At each balance sheet date, the Bank assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount is assessed and written down immediately to its recoverable amount.

11 INVESTMENT IN ASSOCIATES

Associates are defined as those corporations or other entities in which the Group exercises significant influence over financial and operating policy decisions through representation on the Board but not the power to exercise control over those policies.

Investment in associates are stated at cost less any impairment losses. At each balance sheet date, the Bank assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

12 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

Freehold land, buildings in progress, renovations in progress and computer software in progress are not depreciated. Depreciation of other property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates of depreciation are as follows:

Leasehold land	Amortised over period of leases. The remaining period of the leases range from 13 years to 890 years
Buildings	2%
Renovations	7.5% to 10%
Office equipment and furniture	7.5% to 20%
Computer equipment and software	20% to 33 $\frac{1}{3}$ %
Motor vehicles	20%

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

13 IMPAIRMENT OF ASSETS

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

14 FORWARD EXCHANGE CONTRACTS

Outstanding forward exchange contracts are valued as at the balance sheet date at forward rates, applicable to their respective dates of maturity, and unrealised gains and losses are recognised in the income statement for the financial period.

15 BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

16 AMOUNT DUE TO CAGAMAS

In the normal course of banking operations, the Group sells loans to Cagamas Berhad but undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the balance sheet.

For Islamic banking, the sale of Islamic debt to Cagamas is deemed as a sale and purchase transaction from Shariah point of view. Such financing transaction are net-off with the assets sold on the balance sheet and the obligation to buy back the loans are reflected as assets sold with recourse in the commitment and contingencies.

17 INTEREST RATE SWAPS, FUTURES, FORWARD AND OPTION CONTRACTS

The Group and the Bank act as intermediaries with counterparties who wish to swap their interest obligations. The Group and the Bank also use interest rate swaps, futures, forward and option contracts in their trading account activities and in overall interest rate risk management.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate swaps, futures and forward and option contracts that qualify as hedges are deferred and amortised over the life of hedged assets or liabilities as adjustments to interest income or interest expense.

Gains and losses on interest rate swaps, futures and forward and option contracts that do not qualify as hedges are recognised in the current period using the mark-to-market method, and are included in the income statement.

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

18 ASSETS PURCHASED UNDER LEASE

Operating lease

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

Finance lease

Leases of assets where the Group assumes substantially all the risks and benefits of ownership of the assets are classified as finance leases. The assets are capitalised under property, plant and equipment and subject to depreciation consistent with that of depreciable assets which are owned. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments or the fair value of the leased asset at the beginning of the lease term. Each lease payment is allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, are included in the liabilities. The finance charges is charged to the income statement over the lease period.

19 FINANCE LEASE – ASSETS SOLD UNDER LEASE

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the sum of digits method so as to reflect a constant periodic rate of return on the balance outstanding.

20 CURRENCY CONVERSION AND TRANSLATION

The financial statements are presented in Ringgit Malaysia.

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities outstanding at balance sheet date are translated into Ringgit Malaysia at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The results of foreign entities translated into the Group's reporting currency at average exchange rates for the financial period and the balance sheets are translated at the exchange rates ruling at balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are taken to 'Translation reserve' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The principal closing rates used in translation of foreign currency amounts were as follows:

	31.12.2004	30.6.2003
Foreign currency	RM	RM
1 US Dollar	3.80	3.80
1 Singapore/Brunei Dollar	2.33	2.16
100 Thai Baht	9.7661	9.0336

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

21 AMOUNTS RECOVERABLE FROM DANAHARTA

The total consideration for loans sold to Pengurusan Danaharta Nasional Berhad ('Danaharta') is received in two portions i.e. upon the sale of the loans ('initial consideration') and upon the recovery of the loans ('final consideration'). The final consideration amount represents the Bank's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as 'Amounts Recoverable from Danaharta' within the 'Other Assets' component of the balance sheet. Provisions against these amounts are made in accordance with BNM's 'Guidelines on the Sale of Non-performing Loans to Pengurusan Danaharta Nasional Berhad' issued on 30 April 1999 and reflect the Directors' assessment of the realisable value of the final consideration as at the balance sheet date.

22 INCOME TAXES AND ZAKAT

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and arising from distribution of retained earnings to companies in the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment and general provision for loans, advances and financing.

Tax rate enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Zakat is payable by the Bank to comply with the principles of Shariah and as approved by the Shariah Supervisory Council.

23 FORECLOSED PROPERTIES

Foreclosed properties are stated at cost, where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and short term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

25 DIVIDENDS

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends are established.

Summary of significant accounting policies

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

26 EMPLOYEE BENEFITS

Short-term employee benefits

Wages, salaries, bonuses, paid annual leave and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

In previous financial years, the Group did not accrue for paid annual leave. However, there is no material impact as a result of adopting the change in accounting policy.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the national pension scheme, Employees' Provident Fund ('EPF'). The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

27 PROFIT EQUALISATION RESERVE ("PER")

PER refer to the amount appropriated out of the total gross income to mitigate the undesirable fluctuation of income and to maintain a certain level of return to depositors. The amount is provided based on BNM's circular on 'The Framework of The Rate of Return'. PER is shared by both the depositors and the bank and hence can be appropriated from and written back to the total gross income in deriving the distributable income. PER is reflected under other liabilities on the balance sheet.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

1 GENERAL INFORMATION

RHB Bank Berhad ('the Bank'), a limited liability company domiciled in Malaysia, is principally engaged in all aspects of banking and finance business and in the provision of related services which also include SPI business.

The principal activities of the Group consist of finance business, leasing, offshore banking, nominee services and property investment.

There have been no significant changes in the nature of these principal activities during the financial period.

The directors regard RHB Capital Berhad and Rashid Hussain Berhad, both companies incorporated in Malaysia as the holding and ultimate holding company respectively.

The address of the registered office of the bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

Change in reporting period

The Bank has changed its financial year end from 30 June to 31 December to be consistent with that of its ultimate holding company, Rashid Hussain Berhad. Accordingly, comparative amounts for income statements, changes in shareholders' equity, cash flow and related notes are not comparable.

2. SIGNIFICANT ACQUISITIONS IN THE PREVIOUS FINANCIAL YEAR

- (a) Transfer of RHB Capital Properties Sdn Bhd ('RHBCP') from RHB Capital Berhad ('RHB Capital') to RHB Bank

RHB Capital and RHB Bank had on 20 March 2002 entered into a conditional sale of shares agreement for the transfer of 100% equity interest in RHBCP ('RHBCP SPA') based on the audited NTA value of RHBCP as at the last day of the calendar month preceding the date of fulfillment of all conditions precedent ('RHBCP NTA determination date').

As all the conditions precedent for the RHBCP SPA were fulfilled on 22 October 2002, the RHBCP NTA determination date was 30 September 2002 and the audited NTA of RHBCP as at 30 September 2002 was RM25,616,347. Therefore the total transfer consideration for the transfer of RHBCP was RM25,616,347 which was satisfied by RHB Bank as follows:

- (i) A total cash payment of RM10,949,250; and
- (ii) The assumption of the inter-company debt owing by RHB Capital to RHBCP as at 30 September 2002 of RM14,667,097.

The transfer of RHBCP was completed on 8 November 2002. With the completion of the transfer of RHBCP, RHBCP ceased to be a direct subsidiary of the RHB Capital and is now wholly-owned subsidiary of RHB Bank.

- (b) Transfer and Acquisition of RHB Leasing Sdn Bhd ('RHB Leasing')

RHB Delta Finance Berhad ('RHB Delta Finance'), a wholly owned subsidiary of RHB Bank Berhad ('RHB Bank') had on 20 March 2002 entered into a conditional sale of shares agreement with RHB Capital and China Development Industrial Bank Inc. ('CDIB') ('RHB Leasing SPA') for:

- (i) The transfer of 70% equity interest in RHB Leasing from RHB Capital to RHB Delta Finance; and
- (ii) The acquisition of 30 % equity interest in RHB Leasing by RHB Delta Finance from CDIB;

For an aggregate cash consideration based on 1.1 times the audited net tangible asset ('NTA') value of RHB Leasing as at the last day of the calendar month preceding the date of fulfillment of all conditions precedent ('RHB Leasing NTA determination date'). The Transfer and Acquisition were completed on 8 November 2002.

As all the conditions precedent for the RHB Leasing SPA were fulfilled on 22 October 2002, the RHB Leasing NTA Determination Date was 30 September 2002 and the audited NTA of RHB Leasing as at 30 September 2002 was RM137,675,278. Therefore, the total cash consideration for the Transfer and Acquisition of RHB Leasing was RM 151,442,806, and the amount paid to RHB Capital and CDIB was RM106,009,964 and RM45,432,842 respectively. With the completion of the Transfer and Acquisition of RHB Leasing, RHB Leasing ceased to be a direct subsidiary of RHB Capital and is now the direct wholly-owned subsidiary of RHB Delta Finance.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

2. SIGNIFICANT ACQUISITIONS IN THE PREVIOUS FINANCIAL YEAR (CONTINUED)

- (c) Acquisition of Utama Gilang Sdn. Bhd. (formerly known as Bank Utama (Malaysia) Berhad ('Bank Utama')) by RHB Bank ('Acquisition of Bank Utama')

The sale and purchase agreement dated 20 March 2002 between Rashid Hussain Berhad ('RHB'), RHB Bank, Cahya Mata Sarawak Berhad and Utama Banking Group Berhad ('UBG') for the acquisition of Bank Utama was successfully completed on 24 December 2002, whereby the final purchase consideration of RM1,804,254,000 based on 2 times the adjusted NTA value of Bank Utama as at 30 November 2002 was fully satisfied by RHB on behalf of RHB Bank, to UBG as follows:

- (i) Cash payment of RM937,136,000;
- (ii) Issuance of RM463,646,102 nominal value RHB ICULS-A; and
- (iii) Issuance of RM403,471,898 nominal value RHB ICULS-B.

RHB Bank in turn repaid RHB via the issuance of RM800.0 million nominal value 10 year non callable 5 year redeemable unsecured RHB Bank Tier II subordinated debt and a cash payment of RM1,004,254,000 of which RM570.0 million was funded by the issuance of USD150.0 million value 10 year non callable 5 year redeemable unsecured RHB Bank Tier II subordinated notes.

With the completion of the Acquisition of Bank Utama on 24 December 2002, Bank Utama has become a wholly-owned subsidiary of the Bank.

- (d) Merger of Bank Utama and the Bank

Bank Utama, U.B. Nominees (Tempatan) Sdn Bhd ('U.B. Nominees'), the Bank and RHB Capital Nominees (Tempatan) Sdn Bhd ('RHB Capital Nominees') had on 25 March 2003 signed a business merger agreement for the merger of the commercial banking business of Bank Utama and the Bank and the corresponding merger of the nominee services business of U.B. Nominees with RHB Capital Nominees.

On 8 April 2003, the High Court of Malaya at Kuala Lumpur granted the order for the vesting of the commercial banking business of Bank Utama to the Bank and the nominee services business of U.B. Nominees with RHB Capital Nominees, with effect from 1 May 2003.

Accordingly on 1 May 2003, all of the assets, except for Bank Utama's 49% equity interest in CMS Trust Management Berhad, and all liabilities of Bank Utama were transferred and taken over by the Bank pursuant to a vesting order under Section 50 (1) of the Banking and Financial Institutions Act 1989. The consideration for this transfer of Bank Utama's net assets amounting to RM878.48 million. The amount due to Bank Utama has been netted off against the Bank's investment in Bank Utama of RM1,801.43 million and the resultant difference of RM922.95 million represent the goodwill on acquisition. The assets and liabilities of Bank Utama which were transferred to the Bank are set out in the table below.

Assets transferred	RM'000
Cash and short-term funds	50,991
Deposits and placements with financial institutions	1,140,626
Investment securities	1,780,221
Gross loans, advances and financing	5,902,511
Less: – specific provision	(544,305)
– general provision	(95,431)
– interest-in-suspense / income-in-suspense	(348,130)
Other assets	26,791
Deferred tax assets	5,195
Tax recoverable	6,814
Statutory deposits with Bank Negara Malaysia	224,555
Investment in subsidiaries	2,310
Property, plant and equipment	14,477
	8,166,625

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

2. SIGNIFICANT ACQUISITIONS IN THE PREVIOUS FINANCIAL YEAR (CONTINUED)

- (d) Merger of Bank Utama and the Bank

Liabilities transferred	RM'000
Deposits from customers	6,245,402
Deposit and placements of banks and financial institutions	370,578
Obligation on securities sold under repurchase agreements	114,400
Bills and acceptance payable	299,328
Amount due to Cagamas Berhad	140,481
Other liabilities	117,959
	<u>7,288,148</u>
Net assets transferred	<u>878,477</u>

The banking licence of Bank Utama was surrendered on 2 May 2003 and the name of Bank Utama was changed to Utama Gilang Berhad on 7 May 2003. Following the conversion of Utama Gilang Berhad to a private company on 8 May 2003, it is now known as Utama Gilang Sdn. Bhd.

- (e) Acquisition of 49% of Banfora Pte Ltd ('Banfora') by RHB Bank

On 31 March 2003, RHB Bank signed a Share Sale Agreement with Sime Singapore Limited ('Sime Singapore') for the acquisition of the remaining 12,250,000 ordinary shares of SGD1.00 each representing 49% equity interest in Banfora not held by RHB Bank, for a total purchase consideration of SGD1.00. The acquisition of Banfora was completed on the same day with the payment of the purchase consideration in cash by RHB Bank to Sime Singapore. With the completion of the acquisition of the 49% stake by RHB Bank from Sime Singapore, Banfora is now a wholly owned subsidiary of RHB Bank.

- (f) The effects of the acquisitions on the financial results of the Group during the previous financial year are shown below:

	RHB Capital Properties Sdn Bhd 8 months ended 30.6.2003 RM'000	RHB Leasing Sdn Bhd 8 months ended 30.6.2003 RM'000	Bank Utama Berhad Group 6 months ended 30.6.2003 RM'000
Interest Income	–	50,814	117,281
Interest expense	–	(16,551)	(51,343)
Net interest income	–	34,263	65,938
Income from Skim Perbankan Islam	–	–	8,792
	–	34,263	74,730
Non-interest income	455	1,848	(6,671)
Net income	455	36,111	68,059
Overhead expenses	(383)	(7,272)	(38,249)
Operating profit before provisions	72	28,839	29,810
Loan loss and provisioning	–	(98)	(66,124)
Profit/(loss) before zakat and taxation	72	28,741	(36,314)
Taxation	(99)	(8,741)	(1,116)
Zakat	–	–	(50)
Increase in Group's net (loss)/profit	<u>(27)</u>	<u>20,000</u>	<u>(37,480)</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

2. SIGNIFICANT ACQUISITIONS IN THE PREVIOUS FINANCIAL YEAR (CONTINUED)

(g) The effects of the acquisitions on the financial position at the previous financial year end is as follows:

	RHB Capital Properties Sdn Bhd 30.6.2003 RM'000	RHB Leasing Sdn Bhd 30.6.2003 RM'000	Bank Utama Berhad Group 30.6.2003 RM'000
ASSETS			
Cash and short term funds	–	12	52,527
Deposits and placements with financial institutions	–	–	1,140,626
Investment securities	–	–	1,780,221
Loans, advances and financing	–	812,431	4,914,355
Other assets	14,454	502	27,052
Deferred tax assets	–	–	5,195
Tax recoverable	–	–	6,845
Statutory deposits with Bank Negara Malaysia	–	–	224,555
Investment in subsidiaries	–	–	2,310
Investment in an associate	–	–	3,315
Property, plant and equipment	12,591	912	17,639
Goodwill	66	12,193	884,118
Total assets	<u>27,111</u>	<u>826,050</u>	<u>9,058,758</u>
LIABILITIES			
Deposits from customers	–	–	6,245,402
Deposit and placements of banks and financial institutions	–	–	370,578
Obligation on securities sold under repurchase agreements	–	–	114,400
Bills and acceptance payable	–	–	299,328
Amount due to Cagamas Berhad	–	–	140,481
Other liabilities	1,425	61,316	118,185
Taxation and zakat	21	1,330	–
Deferred taxation	–	24,849	–
Short term borrowings	–	132,500	–
Total liabilities	<u>1,446</u>	<u>219,995</u>	<u>7,288,374</u>
Increase in Group net assets	<u>25,665</u>	<u>606,055</u>	<u>1,770,384</u>

The effect of the acquisition of Bank Utama Berhad Group in particular Bank Utama includes balances vested over to the Bank on 1 May 2003. Subsequently, the assets and liabilities have been merged with the Bank as disclosed in Note 2 (d).

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

2. SIGNIFICANT ACQUISITIONS IN THE PREVIOUS FINANCIAL YEAR (CONTINUED)

(h) Details of net assets acquired, goodwill and cash flow arising from the acquisitions are as follows:

	RHB Capital Properties Sdn Bhd	RHB Leasing Sdn Bhd	Bank Utama Berhad Group
	As at date of Acquisition RM'000	As at date of Acquisition RM'000	As at date of Acquisition RM'000
ASSETS			
Cash and short term funds	228	964	62,855
Deposits and placements with financial institutions	–	–	1,023,665
Investments securities	–	–	1,593,372
Loans, advances and financing	–	715,365	5,208,499
Other assets	14,864	372	27,332
Statutory deposits with Bank Negara Malaysia	–	–	217,869
Property, plant and equipment	12,554	899	18,545
Investment in an associate	–	–	3,315
Total assets	27,646	717,600	8,155,452
LIABILITIES			
Deposits from customers	–	–	6,350,271
Deposits and placements of banks and financial institutions	–	478,892	360,386
Bills and acceptances payable	–	–	272,086
Amount due to Cagamas	–	–	152,411
Other liabilities	1,494	63,398	99,001
Taxation and zakat	525	10,343	(20)
Deferred taxation	–	25,263	–
Total liabilities	2,019	577,896	7,234,135
Fair value of net assets acquired	25,627	139,704	921,317
Goodwill (note 14)	66	12,193	884,118
Total purchase consideration	25,693	151,897	1,805,435
Less: Purchase consideration discharged by intercompany debt	(14,667)	–	–
Less: Purchase consideration discharged by sub-bond	–	–	(800,000)
Purchase consideration discharged by cash	11,026	151,897	1,005,435
Less: Cash and cash equivalents in subsidiary acquired	(228)	(964)	(62,855)
Cash outflow on acquisitions	10,798	150,933	942,580
Partly funded by issuance of USD sub-notes	–	–	567,600

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

3 CASH AND SHORT-TERM FUNDS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Cash and balances with banks and other financial institutions	813,465	582,990	797,618	577,790
Money at call and deposit placements maturing within one month	11,186,188	3,404,750	11,127,809	2,946,497
	11,999,653	3,987,740	11,925,427	3,524,287

4 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Licensed banks	496,425	98,051	379,814	304,000
Licensed finance companies	-	1,000	325,215	-
Other financial institutions	-	157,553	-	82,000
	496,425	256,604	705,029	386,000

5 DEALING SECURITIES

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Money market instruments:				
<u>Quoted</u>				
Malaysian government securities	222,226	76,311	222,226	76,311
Government investment issues	995,911	586,198	995,911	586,198
Cagamas bonds	15,000	74,995	15,000	74,995
Private debt securities	387,443	1,083,574	387,443	1,083,574
<u>Unquoted</u>				
Malaysian government treasury bills	24,742	141,057	24,742	141,057
Singapore government treasury bills	46,377	-	46,377	-
Thailand government treasury bills	29,096	-	29,096	-
Fixed Rate Notes	30,901	-	30,901	-
Thailand government bonds	24,930	-	24,930	-
Bank Negara Malaysia bills	809,154	1,115,144	809,154	1,115,144
Cagamas notes	-	199,143	-	199,143
Danamodal bonds	-	53,563	-	53,563
Negotiable certificates of deposits	1,489,000	2,358,998	1,489,000	2,358,998
Bankers' acceptances and Islamic accepted bills	474,094	848,399	474,094	848,399
Private debt securities	496,234	550,018	496,234	550,018
Quoted Securities:				
<u>In Malaysia</u>				
Shares	1,314	-	-	-
Total dealing securities	5,046,422	7,087,400	5,045,108	7,087,400

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

5 DEALING SECURITIES (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Market value of quoted money market instruments and quoted securities:				
Malaysian government securities	224,392	76,716	224,392	76,716
Government investment issues	1,013,636	587,089	1,013,636	587,089
Cagamas bonds	14,781	74,994	14,781	74,994
Private debt securities	393,321	1,103,735	393,321	1,103,735
Shares	1,808	–	–	–

6 INVESTMENT SECURITIES

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Money market instruments:				
<u>Quoted</u>				
Malaysian government securities	2,393,711	1,196,718	2,167,114	1,179,539
Government investment issues	–	361,553	–	361,553
Cagamas bonds and Cagamas mudharabah bonds	1,072,076	647,583	1,001,994	607,326
Other government securities	316,129	271,192	316,129	271,192
<u>Unquoted</u>				
Malaysian government treasury bills	35,028	24,623	35,028	24,623
Malaysian government bonds	–	7,579	–	7,579
Singapore government treasury bills	104,760	–	104,760	–
Thailand government treasury bills	81,107	–	81,107	–
Other government securities	104,497	198,883	104,497	198,883
Bank Negara Malaysia bills	85,069	–	85,069	–
Cagamas notes	–	34,632	–	34,632
Danaharta bonds	154,198	205,851	148,851	192,380
Danamodal bonds	–	30,236	–	30,236
Negotiable instruments of deposit	2,533,598	–	2,533,598	–
Bankers' acceptance purchased	329,666	–	315,553	–
Private debt securities	4,089,990	3,762,380	4,089,990	3,762,380
	11,299,829	6,741,230	10,983,690	6,670,323

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

6 INVESTMENT SECURITIES (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Quoted Securities:				
<u>In Malaysia</u>				
Shares	194,771	223,641	192,796	223,641
Warrants	237	6,382	237	6,382
Corporate loan stocks	136,603	33,339	136,603	33,339
Floating rate notes	100,700	106,400	-	-
<u>Outside Malaysia</u>				
Shares	2,362	2,110	2,362	2,110
Bonds	87,400	116,482	-	-
Floating rate notes	61,941	86,062	-	-
Other government securities	114,000	114,000	-	-
Unquoted securities:				
<u>In Malaysia</u>				
Corporate loan stocks	583,756	335,952	541,052	335,952
Floating rate notes	18,971	18,971	-	-
Bonds	29,047	29,047	834	834
Promissory notes	375	375	375	375
Shares	177,238	308,271	173,097	305,415
Private debt securities	448,063	428,600	448,063	428,600
<u>Outside Malaysia</u>				
Private debt securities	7,383	-	7,383	-
Floating rate notes	-	13,787	-	-
	13,262,676	8,564,649	12,486,492	8,006,971
Accretion of discount less amortisation of premium	34,052	34,946	34,941	32,632
	13,296,728	8,599,595	12,521,433	8,039,603
Provision for diminution in value of investment securities	(404,806)	(357,112)	(341,031)	(284,130)
Total investment securities	12,891,922	8,242,483	12,180,402	7,755,473

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

6 INVESTMENT SECURITIES (CONTINUED)

(i) Market value of quoted money market instruments and quoted securities:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
<u>In Malaysia</u>				
Malaysian government securities	2,396,725	1,187,794	2,168,398	1,170,548
Government investment issues	–	376,320	–	376,320
Cagamas bonds and Cagamas mudharabah bonds	1,078,280	646,850	1,007,909	606,569
Shares	78,961	77,359	78,467	77,359
Warrants	41	2,586	41	2,586
Corporate loans stock	91,397	20,585	91,397	20,585
Floating rate notes	102,046	107,720	–	–
<u>Outside Malaysia</u>				
Other government securities	456,063	429,272	320,744	285,153
Shares	825	221	825	221
Bonds	88,221	105,534	–	–
Floating rate notes	22,101	35,396	–	–

(ii) The maturity structure of money market instruments held for investment is as follows:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Maturing within one year	3,626,767	1,816,570	3,585,223	1,793,081
One year to three years	3,123,495	1,114,066	2,979,642	1,067,648
Three years to five years	2,022,519	1,252,198	1,891,777	1,252,198
Over five years	2,527,048	2,558,396	2,527,048	2,557,396
	11,299,829	6,741,230	10,983,690	6,670,323

(iii) Included in investment securities is an amount of RM7,661,949,000 (30.6.2003: RM3,474,796,000) being pledged to third parties in relation to securities sold under repurchase agreements.

(iv) Included in unquoted shares is RM500,000 of a third party redeemable preference shares with a nominal value of RM1.00 each which were charged to another third party as part of a financing transaction facilitated by the Bank.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

7 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Overdrafts	6,296,659	6,953,563	6,296,659	6,953,354
Term loans				
– fixed rate	3,224,331	3,122,277	3,147,695	2,998,702
– floating rate	20,850,963	20,039,927	19,465,897	19,140,410
Credit card receivables	723,965	390,752	723,965	390,752
Bills receivable	1,443,916	1,044,835	1,443,916	1,044,835
Trust receipts	570,845	542,357	570,845	542,357
Block financing	4,424	8,278	3,664	4,490
Hire purchase debtors	4,922,675	2,771,127	82,072	135,122
Lease debtors	261,873	458,961	10,917	279,068
Floor stocking	9,466	9,097	1,211	1,869
Revolving credit	5,001,285	6,286,702	4,957,636	5,953,489
Claims on customers under acceptance credits	4,566,632	4,539,495	4,566,632	4,539,495
Staff loans (of which RM NIL to Directors)	418,306	377,872	409,402	369,063
	48,295,340	46,545,243	41,680,511	42,355,006
Less: Unearned interest and income	(773,724)	(406,606)	(31,666)	(13,879)
Gross loans, advances and financing	47,521,616	46,138,637	41,648,845	42,341,127
Provision for bad and doubtful debts and financing				
– general	(809,746)	(773,536)	(684,630)	(686,382)
– specific	(2,377,714)	(2,511,305)	(2,187,574)	(2,282,062)
Interest-in-suspense/income-in-suspense	(1,229,153)	(1,332,254)	(1,169,278)	(1,263,570)
Net loans, advances and financing	43,105,003	41,521,542	37,607,363	38,109,113

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM 2,038,313,000 (30.6.2003: RM154,334,000) for the Bank and RM3,366,851,000 (30.6.2003: RM560,026,000) for the Group.

(i) The maturity structure of loans, advances and financing is as follows:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Maturing within one year	21,596,255	22,988,498	21,100,182	22,866,481
One year to three years	3,882,580	3,697,642	2,112,620	2,391,557
Three years to five years	3,753,737	3,939,278	2,234,739	2,456,760
Over five years	18,289,044	15,513,219	16,201,304	14,626,329
	47,521,616	46,138,637	41,648,845	42,341,127

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(ii) Loans, advances and financing analysed by economic sector are as follows:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Agriculture	1,489,522	1,944,237	1,397,865	1,859,566
Mining and quarrying	114,683	108,378	32,803	97,714
Manufacturing	9,997,101	10,205,340	8,384,891	8,747,764
Electricity, gas and water	753,571	1,114,194	628,138	953,890
Construction	3,167,372	3,381,886	2,969,380	3,222,881
(of which:				
(i) Infrastructure	333,799	705,910	320,462	670,746
(ii) Non-infrastructure)	2,833,573	2,675,976	2,648,918	2,552,135
Real estate	1,324,453	1,956,565	1,257,821	1,811,364
Purchase of landed property	12,680,141	11,134,514	12,713,290	11,149,023
(of which:				
(i) Residential	11,503,914	9,716,836	11,412,752	9,618,491
(ii) Non-residential)	1,176,227	1,417,678	1,300,538	1,530,532
General commerce	5,216,606	4,762,901	4,981,092	4,606,290
Transport, storage and communication	1,311,546	1,521,939	984,658	1,292,247
Finance, insurance and business services	2,942,073	3,020,504	2,887,715	3,430,273
Purchase of securities	1,819,692	1,997,907	1,813,617	1,994,732
(of which:				
(i) Unit trust	391,601	287,730	390,258	284,646
(ii) Non unit trust)	1,428,091	1,710,177	1,423,359	1,710,086
Purchase of transport vehicles	2,662,403	1,383,058	54,329	109,993
Consumption credit	2,716,948	1,997,855	2,712,823	1,992,624
Others	1,325,505	1,609,359	830,423	1,072,766
	47,521,616	46,138,637	41,648,845	42,341,127
(iii) Movements in non-performing loans (including interest and income receivables) are as follows:				
Balance as at beginning of financial period/year	7,257,048	6,243,159	6,822,570	5,660,449
Amount arising from the acquisition of subsidiaries	-	1,713,007	-	-
Amount arising from balance vested over from a subsidiary	-	-	-	1,707,142
Non-performing during the financial period/year	3,906,599	2,662,904	3,684,422	2,343,275
Recoveries	(929,434)	(671,390)	(837,565)	(523,110)
Amount converted to investment securities	(307,019)	(515,026)	(253,227)	(386,922)
Non-performing reclassified as performing	(2,279,449)	(1,500,510)	(2,166,051)	(1,427,498)
Amount written off	(1,560,925)	(675,092)	(1,501,855)	(550,762)
Exchange difference	8,809	(4)	8,809	(4)
Balance as at end of financial period/year	6,095,629	7,257,048	5,757,103	6,822,570
Net non performing loans, advances and financing	2,488,762	3,413,489	2,400,251	3,276,938
% to net loans, advances and financing	5.7	8.1	6.3	8.4

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
(iv) Movements in the provision for non-performing loans and interest-in-suspense/income-in-suspense accounts are as follows:				
<u>General provision</u>				
Balance as at beginning of financial period/year	773,536	654,276	686,382	592,103
Amount arising from the acquisition of subsidiaries	–	112,449	–	–
Amount arising from balance vested over from a subsidiary	–	–	–	95,431
Provisions made/(write-back) during the financial period/year	33,765	6,811	(4,197)	(1,152)
Exchange difference	2,445	–	2,445	–
Balance as at end of financial period/year	809,746	773,536	684,630	686,382
% of total loans, advances and financing less specific provision and interest-in-suspense/income-in-suspense	1.8	1.8	1.8	1.8
<u>Specific provision</u>				
Balance as at beginning of financial period/year	2,511,305	1,975,618	2,282,062	1,705,969
Amount arising from the acquisition of subsidiaries	–	515,910	–	–
Amount arising from balance vested over from a subsidiary	–	–	–	544,305
Amount transferred from provision for commitments and contingencies	39	7,000	39	7,000
Provisions made during the financial period/year	1,225,352	697,803	1,158,865	592,182
Transfer to provision for diminution in value of investment securities	(64,949)	(102,596)	(61,881)	(82,596)
Amount written back in respect of recoveries	(444,086)	(150,696)	(384,419)	(123,974)
Amount written off	(855,560)	(431,681)	(812,705)	(360,771)
Exchange difference	5,613	(53)	5,613	(53)
Balance as at end of financial period/year	2,377,714	2,511,305	2,187,574	2,282,062
<u>Interest-in-suspense/income-in-suspense</u>				
Balance as at beginning of financial period/year	1,332,254	923,911	1,263,570	830,163
Amount arising from the acquisition of subsidiaries	–	345,119	–	–
Amount arising from balance vested over from a subsidiary	–	–	–	348,130
Interest/income suspended during the financial period/year	856,733	544,844	827,325	470,903
Transfer to provision for diminution in value of investment securities	(12,536)	(16,254)	(12,432)	(10,735)
Amount written back in respect of recoveries	(303,882)	(203,824)	(281,873)	(168,359)
Amount written off	(644,824)	(261,535)	(628,720)	(206,525)
Exchange difference	1,408	(7)	1,408	(7)
Balance as at end of financial period/year	1,229,153	1,332,254	1,169,278	1,263,570

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

8 OTHER ASSETS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Other debtors, deposits and prepayments	137,240	129,749	123,875	117,595
Accrued interest receivable	101,267	81,834	92,353	75,164
Foreclosed property	-	1,290	-	1,290
Amount due from immediate holding company (i)	27,187	25,336	26,827	25,336
Amounts due from subsidiaries	-	-	6,887	2,924
Amounts due from related companies	11,613	7,507	11,139	5,991
Amount recoverable from Danaharta (ii)	-	5,552	-	5,552
	277,307	251,268	261,081	233,852

(i) Amount due from immediate holding company is unsecured, bear interest at 4.8% (30.6.2003: 4.8%) per annum and has no fixed repayment terms.

(ii) Movements in the 'Amount recoverable from Danaharta' are as follows:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Balance as at beginning of financial period/year	5,552	72,817	5,552	72,363
Provision made during the financial period/year (net)	(5,552)	(66,089)	(5,552)	(65,635)
Amount recovered	-	(1,176)	-	(1,176)
Balance as at end of financial period/year	-	5,552	-	5,552

9 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate offsetting, are shown in the balance sheet:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Deferred tax assets	195,093	163,560	159,147	151,586
Deferred tax liabilities	(22)	(19,537)	-	-
	195,071	144,023	159,147	151,586

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

9 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities during the financial period comprise the following:

Deferred tax assets/(liabilities) Group 31.12.2004	Temporary differences arising from leasing business RM'000	Property, plant & equipment RM'000	Interest in suspense/income in suspense RM'000	Tax losses RM'000	Allowance for loan losses RM'000	Others temporary differences RM'000	Total RM'000
Balance as at beginning of financial period	(25,333)	(38,608)	7,003	–	205,598	(4,637)	144,023
Credited/(charged) to income statement	33,297	5,598	(1,793)	4,565	8,363	990	51,020
Exchange difference	–	–	–	30	–	(2)	28
Balance as at end of financial period	7,964	(33,010)	5,210	4,595	213,961	(3,649)	195,071

30.6.2003

Balance as at beginning of the financial year							
– as previously reported	–	(42,596)	229,476	–	–	(7,620)	179,260
– prior year adjustment	(793)	–	5,211	–	172,026	937	177,381
– as restated	(793)	(42,596)	234,687	–	172,026	(6,683)	356,641
Amount arising from acquisition of subsidiaries	(30,286)	–	–	–	5,023	–	(25,263)
Credited/(charged) to income statement	5,746	3,988	(227,684)	–	28,549	2,046	(187,355)
Balance as at end of financial year	(25,333)	(38,608)	7,003	–	205,598	(4,637)	144,023

Deferred tax assets/(liabilities) Bank 31.12.2004	Property, plant & equipment RM'000	Interest in suspense/income in suspense RM'000	Tax losses RM'000	Allowance for loan losses RM'000	Others temporary differences RM'000	Total RM'000
Balance as at beginning of financial period	(38,608)	–	–	194,338	(4,144)	151,586
Credited/(charged) to income statement	6,259	–	4,565	(2,642)	(651)	7,531
Exchange difference	–	–	30	–	–	30
Balance as at end of financial period	(32,349)	–	4,595	191,696	(4,795)	159,147

30.6.2003

Balance as at beginning of financial year						
– as previously reported	(42,597)	228,032	–	–	(7,603)	177,832
– prior year adjustment	–	–	–	165,789	1,410	167,199
– as restated	(42,597)	228,032	–	165,789	(6,193)	345,031
Amount arising from balance vested over from subsidiaries	(1,055)	6,250	–	–	–	5,195
Credited/(charged) to income statement	5,044	(234,282)	–	28,549	2,049	(198,640)
Balance as at end of financial year	(38,608)	–	–	194,338	(4,144)	151,586

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

9 DEFERRED TAXATION (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Tax losses for which the related tax credit has not been recognised in the financial statements	2,631,982	2,646,546	359,909	374,473

10 STATUTORY DEPOSITS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Statutory deposits with Bank Negara Malaysia	1,274,091	1,144,500	1,140,000	1,091,000
Statutory deposits with Monetary Authority of Singapore	56,637	48,415	56,637	48,415
Statutory deposits with Ministry of Finance, Brunei	3,997	4,100	3,997	4,100
	1,334,725	1,197,015	1,200,634	1,143,515

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1) (c) of the Central Bank of Malaysia Act, 1958 (revised-1994), with the Ministry of Finance, Negara Brunei Darussalam in compliance with Section 6A of the Banking Act, and with the Monetary Authority of Singapore in compliance with Banking Act, Cap. 19 and Singapore Finance Companies Act, Cap 108. The amounts are determined by the respective authorities.

11 INVESTMENT IN SUBSIDIARIES

	Bank	
	31.12.2004 RM'000	30.6.2003 RM'000
Unquoted shares, at cost		
– in Malaysia	1,710,796	3,441,513
– outside Malaysia	12,807	43,009
	1,723,603	3,484,522
Amount due to subsidiaries	(38,165)	(1,769,084)
Reclassified to goodwill upon acquisition of assets and liabilities of a subsidiary net of fair value adjustment	(892,950)	(922,950)
	792,488	792,488

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

11 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The following are the subsidiaries of the Bank:

	Paid-up capital	Effective interest		Principal activities
		31.12.2004	30.6.2003	
		%	%	
RHB Bank (L) Ltd	US\$54,000,000	100	100	Offshore banking
RHB Capital Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Nominee services for Malaysian beneficial shareholders
– RHB Capital Nominees (Asing) Sdn Bhd	RM10,000	100	100	Nominee services for foreign beneficial shareholders
UMBC Sdn Bhd	RM499,999,818	100	100	Dormant company
RHB Investment Ltd *	S\$19,000,000	100	100	Property investment and rental
Banfora Pte Ltd *	S\$25,000,000	100	100	Property investment and rental
RHB Bank Nominees Pte Ltd *	S\$100,000	100	100	Nominee services
USB Nominees Sdn Bhd	RM10,000	100	100	Dormant company
USB Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company
USB Nominees (Asing) Sdn Bhd	RM10,000	100	100	Dormant company
RHB Delta Finance Berhad	RM150,000,000	100	100	Finance company
– RHB Delta Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company
– RHB Leasing Sdn Bhd	RM10,000,000	100	100	Leasing company
INFB Jaya Sdn Bhd	RM50,000,000	100	100	Dormant company
RHB Trade Services Limited *	HK\$2.00	100	100	Processing of letters of credit reissuance favouring Hong Kong beneficiaries
RHB Capital Properties Sdn Bhd	RM21,800,000	100	100	Property Investment
Utama Gilang Sdn Bhd	RM800,000,000	100	100	Dormant company
Utama Assets Sdn Bhd	RM2,300,000	100	100	Property investment
U.B. Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company

* Subsidiaries audited by overseas firms associated with PricewaterhouseCoopers, Malaysia.

All of the subsidiaries are incorporated in Malaysia except for RHB Investment Ltd, Banfora Pte Ltd and RHB Bank Nominees Pte Ltd which are incorporated in Singapore, and RHB Trade Services Limited which is incorporated in Hong Kong.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

12 INVESTMENT IN AN ASSOCIATE

	Group	
	31.12.2004 RM'000	30.6.2003 RM'000
Unquoted shares, at cost	3,315	3,315
Share of post acquisition profit	1,286	102
	4,601	3,417
Represented by:		
Share of net assets	6,626	5,442
Negative goodwill arising from acquisition	(2,025)	(2,025)
	4,601	3,417

The associate is CMS Trust Management Berhad, a company incorporated in Malaysia, with an equity interest of 49% held by its subsidiary, Utama Gilang Sdn Bhd. Its principal activity is unit trust fund management.

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
31.12.2004									
Cost									
Balance as at beginning of financial period	89,643	914	121,033	265,840	115,666	165,918	502,862	27,031	1,288,907
Exchange difference	109	-	7,009	3,626	489	871	600	111	12,815
Additions/transfers	-	-	-	27,689	10,393	6,619	93,045	1,561	139,307
Reclassification	-	133	10,747	(10,880)	-	-	-	-	-
Disposals/written off	(2,927)	-	(4,417)	(1,731)	(6,031)	(7,672)	(10,510)	(12,622)	(45,910)
Balance as at end of financial period	86,825	1,047	134,372	284,544	120,517	165,736	585,997	16,081	1,395,119
Less: <u>Accumulated depreciation</u>									
Balance as at beginning of financial period	-	297	2,934	27,676	75,042	148,692	311,144	23,453	589,238
Exchange difference	-	-	3	707	324	787	586	112	2,519
Charge for the period	-	42	1,112	6,490	12,244	13,583	109,751	2,056	145,278
Reclassification	-	45	(45)	-	-	-	-	-	-
Disposals/written off	-	-	(162)	(276)	(5,251)	(7,637)	(9,331)	(12,584)	(35,241)
Balance as at end of financial period	-	384	3,842	34,597	82,359	155,425	412,150	13,037	701,794
Less: <u>Impairment loss</u>									
Balance as at beginning of financial period	-	-	12,944	386	-	-	-	-	13,330
Exchange differences	-	-	1,112	32	-	-	-	-	1,144
Charge for the period	-	-	9,949	3,090	-	-	-	-	13,039
Balance as at end of financial period	-	-	24,005	3,508	-	-	-	-	27,513
Net book value as at end of financial period	86,825	663	106,525	246,439	38,158	10,311	173,847	3,044	665,812

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold land			Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
	Freehold land	Less than 50 years	50 years or more						
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
Balance as at beginning of financial period	89,775	761	116,386	207,935	93,222	145,443	405,782	26,458	1,085,762
Exchange difference	1	-	29	14	2	(17)	(13)	(3)	13
Amount arising from acquisition of subsidiaries	3,258	168	4,618	12,197	17,544	21,408	34,099	7,301	100,593
Additions/transfers	43	-	-	48,638	5,861	2,865	66,405	1,314	125,126
Reclassification	-	-	-	-	(340)	340	-	-	-
Disposals/written off	(3,434)	(15)	-	(2,944)	(623)	(4,121)	(3,411)	(8,039)	(22,587)
Balance as at end of financial year	89,643	914	121,033	265,840	115,666	165,918	502,862	27,031	1,288,907
Less: Accumulated depreciation									
Balance as at beginning of financial year	-	219	1,483	21,421	54,236	124,962	224,075	25,041	451,437
Exchange difference	-	-	-	3	-	(19)	5	(4)	(15)
Amount arising from acquisition of subsidiaries	-	68	1,090	3,408	14,127	18,425	26,413	5,063	68,594
Charge for the year	-	25	361	3,053	7,165	9,198	63,859	1,346	85,007
Disposals/written off	-	(15)	-	(209)	(486)	(3,874)	(3,208)	(7,993)	(15,785)
Balance as at end of financial year	-	297	2,934	27,676	75,042	148,692	311,144	23,453	589,238
Less: Impairment loss									
Balance as at beginning of financial year	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	(196)	(7)	-	-	-	-	(203)
Charge for the year	-	-	13,140	393	-	-	-	-	13,533
Balance as at end of financial year	-	-	12,944	386	-	-	-	-	13,330
Net book value as at end of financial year	89,643	617	105,155	237,778	40,624	17,226	191,718	3,578	686,339

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Leasehold land			Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
	Freehold land	Less than 50 years	50 years or more						
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
Balance as at beginning of financial period	83,432	746	27,969	214,947	111,618	154,994	496,988	23,280	1,113,974
Exchange difference	101	-	-	1,595	490	724	607	113	3,630
Additions/transfers	-	-	-	27,552	8,396	6,014	88,478	1,249	131,689
Reclassification	-	133	10,747	(10,880)	-	-	-	-	-
Disposals/written off	(2,927)	-	(4,417)	(1,731)	(5,769)	(7,087)	(10,300)	(11,741)	(43,972)
Balance as at end of financial period	80,606	879	34,299	231,483	114,735	154,645	575,773	12,901	1,205,321
Less: <u>Accumulated depreciation</u>									
Balance as at beginning of financial period	-	226	1,816	22,042	71,361	140,244	305,965	21,191	562,845
Exchange difference	-	-	-	584	324	697	592	112	2,309
Charge for the period	-	35	1,029	5,654	12,060	12,490	108,509	1,360	141,137
Reclassification	-	45	(45)	-	-	-	-	-	-
Disposals/written off	-	-	(162)	(276)	(4,990)	(7,052)	(9,128)	(11,702)	(33,310)
Balance as at end of financial period	-	306	2,638	28,004	78,755	146,379	405,938	10,961	672,981
Less: <u>Impairment loss</u>									
Balance as at beginning of financial period	-	-	-	-	-	-	-	-	-
Charge of the period	-	-	3,987	526	-	-	-	-	4,513
Balance as at end of financial period	-	-	3,987	526	-	-	-	-	4,513
Net book value as at end of financial period	80,606	573	27,674	202,953	35,980	8,266	169,835	1,940	527,827

Included in the net book value of office equipment and furniture is an amount of RM2,076,461 (30.6.2003 : NIL) which is acquired under finance lease from a subsidiaries.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Leasehold land			Buildings	Renovations	Office equipment and furniture	Computer equipment and software	Motor vehicles	Total
	Freehold land	Less than 50 years	50 years or more						
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
Balance as at beginning of financial period	86,822	761	27,836	168,481	89,837	137,876	400,237	24,942	936,792
Exchange difference	1	-	-	6	2	(18)	(12)	(4)	(25)
Amount arising from acquisition of subsidiaries	-	-	133	-	16,685	15,157	32,504	5,923	70,402
Additions/transfers	43	-	-	48,638	5,640	2,008	64,650	8	120,987
Reclassification	-	-	-	-	(341)	341	-	-	-
Disposals/written off	(3,434)	(15)	-	(2,178)	(205)	(370)	(391)	(7,589)	(14,182)
Balance as at end of financial year	83,432	746	27,969	214,947	111,618	154,994	496,988	23,280	1,113,974
Less: Accumulated depreciation									
Balance as at beginning of financial year	-	219	1,446	19,809	51,034	119,268	219,344	23,554	434,674
Exchange difference	-	-	-	2	1	(18)	(11)	(4)	(30)
Amount arising from acquisition of subsidiaries	-	-	45	-	13,798	13,224	24,498	4,360	55,925
Charge for the year	-	22	325	2,323	6,690	8,127	62,488	825	80,800
Disposals/written off	-	(15)	-	(92)	(162)	(357)	(354)	(7,544)	(8,524)
Balance as at end of financial year	-	226	1,816	22,042	71,361	140,244	305,965	21,191	562,845
Net book value as at end of financial year	83,432	520	26,153	192,905	40,257	14,750	191,023	2,089	551,129

The above property, plant and equipment includes the following assets under construction:

	Group and Bank	
	31.12.2004 RM'000	30.6.2003 RM'000
Cost		
Buildings	-	97,523
Renovations	5,992	4,124
Computer equipment & software	11,232	29,771
	17,224	131,418

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

14 GOODWILL ON CONSOLIDATION

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Cost				
Balance as at beginning of financial period/year	1,058,204	161,827	922,950	–
Fair value adjustment on assets acquired in previous year	(39,769)	–	–	–
Fair value adjustment on assets vested over from a subsidiary in previous year	–	–	(30,000)	–
Arising during the financial period/year	–	896,377	–	922,950
Balance as at end of the financial period/year	1,018,435	1,058,204	892,950	922,950
Less: <u>Accumulated amortisation</u>				
Balance as at beginning and end of financial period/year	13,480	13,480	–	–
Net book value as at end of financial period/year	1,004,955	1,044,724	892,950	922,950

The goodwill represents the difference between the purchase price and the value of the net assets acquired on RHB Delta Finance Group, RHB Capital Properties, INFB Jaya Sdn Bhd and Utama Gilang Group.

15 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Demand deposits	12,800,231	10,258,907	12,558,036	9,802,089
Savings deposits	4,521,857	3,928,838	4,459,034	3,868,492
Fixed deposits	31,324,304	32,483,894	27,696,096	29,887,655
Promissory notes	199,000	10,700	199,000	10,700
Negotiable certificate of deposits	135,793	547,288	135,793	547,288
	48,981,185	47,229,627	45,047,959	44,116,224

(i) The maturity structure of the fixed deposits, promissory notes and negotiable certificate of deposits is as follows:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Due within six months	24,604,793	25,707,491	22,210,770	23,410,754
Six months to one year	6,525,278	6,469,863	5,437,064	6,211,648
One year to three years	454,580	844,266	308,950	803,436
Three years to five years	74,436	19,612	74,095	19,155
Over five years	10	650	10	650
	31,659,097	33,041,882	28,030,889	30,445,643

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

15 DEPOSITS FROM CUSTOMERS (CONTINUED)

(ii) The deposits are sourced from the following classes of customers:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Business enterprises	22,048,320	23,263,874	19,968,363	21,086,926
Individuals	22,079,018	18,789,523	21,282,941	18,087,138
Others	4,853,847	5,176,230	3,796,655	4,942,160
	48,981,185	47,229,627	45,047,959	44,116,224

16 DEPOSITS AND PLACEMENTS OF BANKS AND FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Licensed banks	5,546,931	1,825,915	5,549,930	1,838,971
Licensed finance companies	–	10,500	–	–
Other financial institutions	1,093,662	843,597	954,563	798,567
	6,640,593	2,680,012	6,504,493	2,637,538

17 OTHER LIABILITIES

	Note	Group		Bank	
		31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Accrued interest payable		283,005	247,764	252,928	259,995
Accruals for operational expenses		123,436	99,075	120,442	95,381
Provision for commitments and contingencies	(i)	–	21,439	–	21,439
Provision for restructuring	(ii)	–	7,250	–	7,250
Amount due to holding company		59	2	42	2
Amount due to subsidiaries		–	–	61,282	61,851
Amount due to related companies		2,745	2,681	1,488	1,852
Amount due to BNM	(iii)	223,414	164,703	223,414	164,703
Amount due to Danaharta	(iv)	53,355	26,317	53,355	26,317
Finance lease	(v)	–	–	2,076	–
Prepaid instalment		53,546	3,363	1,366	1,607
Lessee deposits		74,063	53,777	12	11
Other accruals and charges		299,637	306,199	233,068	245,049
		1,113,260	932,570	949,473	885,457

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

17 OTHER LIABILITIES (CONTINUED)

(i) Movements in the provision for commitments and contingencies are as follows:-

	Group and Bank	
	31.12.2004	30.6.2003
	RM'000	RM'000
Balance as at beginning of financial period/year	21,439	28,439
Amount transferred to specific provision for loans, advances and financing	(39)	(7,000)
Amount written off	(21,400)	-
Balance as at end of financial period/year	<u>-</u>	<u>21,439</u>

(ii) Movements in the provision for restructuring are as follows:-

Balance as at beginning of financial period/year	7,250	5,399
Provision made during the financial period/year	-	5,000
Utilised during the financial period/year	(5,462)	(3,149)
Unutilised amount reversed during the financial period/year	(1,788)	-
Balance as at end of financial period/year	<u>-</u>	<u>7,250</u>

The provision relates to restructuring of the Group's operations, which includes the acquisition of Bank Utama (Malaysia) Berhad ('Bank Utama'), the issuance of Tier II subordinated-debt to RHB and the rationalisation expenses for the merger of Bank Utama and the Bank.

(iii) The 'Amount due to BNM' mainly comprises of collections on ex-Sime Bank's non performing loans sold to BNM which are managed by the Bank. Amount due to BNM was subject to interest at rates ranging from 2.80% to 3.27% (30.6.2003: 2.84% to 3.01%) per annum.

(iv) The 'Amount due to Danaharta' mainly comprises of collections on ex-Sime Bank's overseas branches non performing loans sold to Danaharta which is managed by the overseas branches.

(v) The minimum lease payments of the Bank:

	Bank	
	31.12.2004	30.6.2003
	RM'000	RM'000
Not later than 1 year	579	-
Later than 1 year and not later than 5 years	1,856	-
	<u>2,435</u>	<u>-</u>
Future finance charges	(359)	-
Present value	<u>2,076</u>	<u>-</u>

Finance lease are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The effective interest rates of the finance leases at balance sheet date is 7.67% (30.6.2003: NIL) per annum.

18 SHORT TERM BORROWING

An unsecured short term borrowing obtained by a subsidiary has been fully settled on 2 October 2003.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

19 SUBORDINATED OBLIGATIONS

	Group and Bank	
	31.12.2004	30.6.2003
	RM'000	RM'000
RM Subordinated Bonds 2002/2012	800,000	800,000
USD 150 mil Subordinated Notes 2002/2013	570,000	570,000
	1,370,000	1,370,000
Less: Unaccreted discount	(1,920)	(2,278)
	1,368,080	1,367,722

(i) RM Subordinated Bonds

On 24 December 2002, the Bank issued a RM800 million nominal value 10 year redeemable unsecured Subordinated Bonds ('Sub-Bonds'). The Sub-Bonds are due in 2012. The Sub-Bonds may be redeemed at par at the option of the Bank on its fifth anniversary date ('First Redemption Date') or on each anniversary of the First Redemption Date up to the maturity date.

Interest on the Sub-Bonds shall be accrued at 6.85% per annum for the first five years ('Initial Coupon'). From the First Redemption Date onwards until maturity date, the coupon rate shall be increased by 1.5% above the Initial Coupon rate or be equivalent to the base lending rate of Malayan Banking Berhad prevailing as at the First Redemption Date plus 1.5% whichever is higher. Interest is payable semi-annually in arrears from the date of issuance until maturity date.

The Sub-Bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank, and will rank pari passu without any preference amongst themselves.

(ii) USD Subordinated Notes

On 27 December 2002, the Bank issued a USD150 million nominal value (RM570 million equivalent) 10 year Subordinated Notes ('Sub-Notes') due 2013, callable with step-up in 2008 at 6.625% maturing on 25 January 2013. The Bank may at its option, subject to prior written approval of Bank Negara Malaysia, redeem the Sub-Notes on 25 January 2008 at their principal amount plus accrued interest. In addition, the Bank may at its option, subject to prior written approval as aforesaid, redeem the Sub-Notes at any time at their principal amount plus accrued interest in the event of certain changes affecting taxation in Malaysia as described under the "Terms and Conditions of the Notes - Redemption and Purchase".

Interest on the Notes shall be accrued at 6.625% per annum from issue date to, but excluding 25 January 2008 and, thereafter, at rate per annum equal to the US Treasury Rate (as defined under "Term and Conditions of the Notes - Interest") plus 6.475%. Interest is payable in arrears on 25 July and 25 January in each year, commenced on 25 July 2003.

The Sub-Notes constitute direct, unsecured and subordinated obligations of the Bank, and will rank pari passu with the RM800 million Sub-Bonds due 2012. The Sub-Notes will rank pari passu without any preference among themselves.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

20 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS')

	Number of shares			
	31.12.2004 '000	30.6.2003 '000	31.12.2004 RM'000	30.6.2003 RM'000
Bank				
Authorised:				
<u>Irredeemable non-cumulative convertible</u>				
<u>Preference shares of RM1 each</u>				
As at beginning/end of financial period/year	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
<u>Irredeemable non-cumulative convertible</u>				
<u>Preference shares of RM1 each</u>				
As at beginning/end of financial period/year	1,368,099	1,368,099	1,368,099	1,368,099

The salient features of the Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS') are:

- (i) A non-cumulative preferential dividend (less tax) at the following rates:
 - (a) for the period from the date of issue of INCPS to the day preceding the fifth anniversary date of issue of the INCPS, a non-cumulative preferential dividend at the rate of 8% (less tax) per annum; and
 - (b) Thereafter, a non-cumulative preferential dividend at the rate of 10% (less tax) per annum.
- (ii) Save and except that the INCPS shall rank in priority to the Bank ordinary shares with regards to the preferential dividend, and with regards to the return of capital in the event of winding-up, the INCPS have no right to participate in the surplus assets and profits of the Bank.
- (iii) The INCPS carry no right to attend and vote at general meetings of the Bank unless the dividends on the INCPS are in arrears for more than 3 months or the general meeting is:
 - (a) for any resolution which varies or is deemed to vary the rights and privileges of such INCPS; or
 - (b) for any resolution for winding up of the Bank.
- (iv) Holders of the INCPS have the option of converting the INCPS into new Bank ordinary shares in the first 5 years from the date of issue of the INCPS (Conditional Conversion Period) should:
 - (a) the Bank cease to be a subsidiary of RHB Capital Berhad; or
 - (b) the risk weighted capital adequacy ratio of the Bank fall to a level at or below 8.5% and this is not remedied within 3 months from the occurrence of such event; or
 - (c) at any time the aggregate of dividends which are missed and not paid exceed 4% of the par value of the INCPS, or;
 - (d) at any time after the Conditional Conversion Period, at the Optional Conversion Price. The Optional Conversion Price means the consolidated net assets per Bank ordinary share based on its consolidated management financial statements immediately preceding the date of conversion multiplied by 1.2 times. The Optional Conversion Price is subject to adjustments under certain circumstances in accordance with the terms of the INCPS.
- (v) In the event the Bank undertakes an initial public offering of shares for the purpose of seeking a listing on the Kuala Lumpur Stock Exchange ('KLSE'), the outstanding INCPS will be mandatorily converted based on a specified price which would yield a return of 12% per annum on the INCPS.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

21 ORDINARY SHARE CAPITAL

	Number of shares			
	31.12.2004 '000	30.6.2003 '000	31.12.2004 RM'000	30.6.2003 RM'000
Group and Bank				
Authorised:				
<u>Ordinary shares of 50 sen each</u>				
As at beginning/end of financial period/year	8,000,000	8,000,000	4,000,000	4,000,000
Issued and fully paid:				
<u>Ordinary shares of 50 sen each</u>				
As at beginning/end of financial period/year	3,899,972	3,899,972	1,949,986	1,949,986

22 RESERVES

The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989, and Section 18 of the Singapore Finance Companies (Amendment) Act 1994, and are not distributable as cash dividends.

Subject to agreement by the Inland Revenue Board, the Bank has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income under Section 12 of the Income Tax (Amendment) Act 1999 to pay dividends out of its entire retained profits as at 31 December 2004.

23 INTEREST INCOME

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Loans and advances	3,727,565	2,396,272	3,283,182	2,009,419
Money at call and deposit placements with financial institutions	295,921	74,260	299,635	59,074
Dealing securities	178,924	133,752	178,924	133,846
Investment securities	457,798	187,128	424,231	159,650
Others	45,125	23,464	21,032	10,645
	4,705,333	2,814,876	4,207,004	2,372,634
Amortisation of premium less accretion of discount	(28,132)	(5,869)	(27,837)	(11,379)
Net interest suspended	(539,961)	(338,075)	(528,104)	(296,000)
	4,137,240	2,470,932	3,651,063	2,065,255

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

24 INTEREST EXPENSE

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Deposits and placements from financial institutions	114,455	54,623	107,295	42,349
Deposits from customers	1,563,514	951,145	1,452,844	838,892
Short term borrowings	1,836	6,990	–	–
Subordinated obligations	139,428	47,798	139,428	47,798
Amount due to Cagamas	167,734	15,744	116,602	1,403
Obligation on securities sold under repurchase agreements	77,910	19,594	77,070	19,594
Others	61,994	37,655	39,256	27,981
	2,126,871	1,133,549	1,932,495	978,017

25 NON-INTEREST INCOME

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Fee income				
Commission	137,169	77,017	134,499	73,207
Service charges and fees	228,933	116,206	215,031	107,985
Guarantee fees	41,365	29,072	41,362	27,801
Underwriting fees	1,798	1,117	1,798	1,117
Other fee income	16,793	10,583	17,734	11,110
	426,058	233,995	410,424	221,220
Investment income				
Net profit from dealing securities	38,330	35,857	38,330	35,857
Net profit from investment securities	40,317	57,491	24,289	56,263
Provision for diminution in value of investment securities	(53,391)	(41,667)	(44,421)	(4,648)
Write-back of provision for diminution in value of investment securities	46,932	9,921	32,356	6,702
Gross dividends from Malaysia:				
– Investment securities	6,409	15,172	4,982	13,707
– Subsidiaries	–	–	91,514	51,364
	78,597	76,774	147,050	159,245
Other income				
Foreign exchange gain/(loss)				
– realised	139,130	79,779	137,349	78,876
– unrealised	10,129	(3,967)	9,541	(5,572)
Gain on disposal of property, plant and equipment	4,995	11,539	4,795	11,412
Other operating income	11,015	17,828	10,475	9,489
Other non-operating income	6,517	4,417	3,889	2,771
	171,786	109,596	166,049	96,976
	676,441	420,365	723,523	477,441

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

26 OVERHEAD EXPENSES

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Personnel cost	767,222	447,073	722,634	402,056
Establishment cost	427,539	256,365	409,055	229,291
Marketing expenses	66,939	34,344	64,467	31,978
Administration and general expenses	159,916	97,248	146,805	69,935
	1,421,616	835,030	1,342,961	733,260

Personnel cost comprise of the following:

Wages, salaries, bonus and allowances	612,709	355,350	576,808	318,905
Contributions to defined contribution plan ('EPF')	92,330	53,066	86,527	48,388
Other staff related cost	62,183	38,657	59,299	34,763
	767,222	447,073	722,634	402,056

The above expenditure includes the following expenses:

Auditors' remuneration:

- Statutory audit	831	1,618	668	1,315
- Non-statutory audit	1,601	-	1,301	-
- Other services	36	187	-	68
Directors' remuneration (Note 29)	4,993	3,760	4,557	3,437

Property, plant and equipment:

- loss on disposal	2,917	222	2,917	2
- written off	1,479	543	1,473	55
- depreciation	145,278	85,007	141,137	80,800
- impairment loss	13,040	13,533	4,513	-
Rental of premises	66,410	44,395	60,318	41,253

The number of employees as at end of financial period/year

	9,069	8,890	8,402	8,355
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27 LOAN LOSS AND PROVISIONING

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Provision for non-performing debts and financing				
- specific provision (net)	781,266	547,107	774,446	468,208
- general provision	33,765	6,811	(4,197)	(1,152)
Bad debts and financing				
- written off	123	194	-	13
- recovered	(37,736)	(17,000)	(35,426)	(15,733)
	777,418	537,112	734,823	451,336

Provision for impairment in value on amount recoverable
from Danaharta during the period/year

	5,552	66,089	5,552	65,635
Final settlement received from Danaharta	(83,974)	-	(83,974)	-
	698,996	603,201	656,401	516,971

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

28 INCPS DIVIDENDS

	Group and Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
INCPS		
First semi-annual dividend of 4% paid on 30 November 2003 (30 November 2002) (30.6.2003: 4%) including 28% tax	54,873	54,873
Second semi-annual dividend of 4% paid on 31 May 2004 (31 May 2003) (30.6.2003: 4%) including 28% tax	54,725	54,574
Third semi-annual dividend of 4% and 5% paid on 30 November 2004 (30.6.2003: 4%) including 28% tax	67,896	–
Accrued dividend payable	11,588	–
	189,082	109,447

The INCPS dividends are paid in accordance with the terms of the INCPS (refer to note 20)

29 DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all directors charged to the income statement during the financial period / year are as follows:

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Executive Directors				
– Salary	1,215	1,348	1,215	1,348
– Benefits-in-kind (based on an estimated money value)	284	385	284	385
– Bonus	712	121	712	121
– Pension contribution	241	215	241	215
– Fees	–	18	–	–
– Others	54	20	54	–
Non-Executive Directors				
– Fees	692	489	453	335
– Benefits-in-kind (based on an estimated money value)	156	63	156	63
– Others	1,639	1,101	1,442	970
	4,993	3,760	4,557	3,437

The remuneration attributable to the former Managing Director of the Bank, including benefits-in-kind during the financial period/year amounted to RM1,775,967 (30.6.2003: RM1,649,171).

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

29 DIRECTORS' REMUNERATION (CONTINUED)

The Directors of the Bank in office during the financial period were as follows:

Executive Directors

Michael Hague (Managing Director resigned on 23 December 2003)
Akira Miyama

Non-executive Directors

Dato' Ali Hassan (Chairman)
Abdullah Mat Noh (Deputy Chairman)
Dato Sri Sulaiman Abdul Rahman Taib
Dato' Abdul Rashid Ahmad
Tuan Haji Khairuddin Ahmad
Vaseehar Hassan Abdul Razack
Dato' Mohd Salleh Haji Harun (Appointed on 20 August 2004)
Dato' Othman Jusoh (Appointed on 23 August 2004)
Tan Sri Dato' Mohd Sheriff Mohd Kassim (Resigned on 4 February 2004)
Datuk Azlan Zainol (Resigned on 6 November 2004)
Dato' Lim Kong Wai (Retired on 1 October 2004)
Lim Cheng Yeow (Retired on 1 October 2004)

30 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The significant related party transactions and balances described below were carried out on terms and conditions obtainable on transactions with unrelated parties. Interest rates on all related party transactions are at normal commercial rates.

Other related companies comprise the other companies in the Rashid Hussain Berhad Group.

	Immediate holding company RM'000	Other related companies RM'000
Group		
18 months period ended		
31.12.2004		
Income		
Interest on deposits and placements with financial institutions	-	75
Income on dealing securities	-	23,329
Interest on advances	-	50
Other income	1,529	12,071
	1,529	35,525
Expenditure		
Interest on deposits and placements of banks and other financial institutions	-	1,423
Interest on fixed deposits	674	1,307
Interest on borrowing	-	800
Interest on securities sold under REPO	157	3,733
Rental of premises	-	15,108
Management fee	-	7,904
Other expenses	659	20,227
	1,490	50,502

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

30 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	Immediate holding company RM'000	Other related companies RM'000
Group		
18 months period ended		
31.12.2004		
Amount due from		
Dealing securities	–	340,000
Investment securities	–	200,000
Other assets	27,187	11,613
	27,187	551,613
Amount due to		
Current account and fixed deposits	122,202	106,573
Securities sold under REPO	1,500	152,115
Deposits and placements of banks and other financial institutions	–	87,050
Bills and acceptances payable	–	1,248
Other liabilities	59	2,745
	123,761	349,731
Group		
12 months year ended		
30.6.2003		
Income		
Interest on deposits and placements with financial institutions	–	851
Income on dealing securities	–	8,892
Interest on advances	–	5,421
Other income	1,068	5,510
	1,068	20,674
Expenditure		
Interest on deposits and placements of banks and other financial institutions	–	957
Interest on fixed deposits	2,150	1,517
Interest on borrowing	–	1,449
Interest on securities sold under REPO	1,564	611
Rental of premises	–	10,451
Management fee	–	6,154
Other expenses	24	10,285
	3,738	31,424

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

30 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Group	Immediate holding company	Other related companies
12 months year ended	RM'000	RM'000
30.6.2003		
Amount due from		
Loans, advances and financing	–	1,369
Dealing securities	–	250,000
Other assets	25,336	6,138
	<u>25,336</u>	<u>257,507</u>

Amount due to		
Current account and fixed deposits	721	80,768
Securities sold under REPO	1,400	16,750
Borrowing	–	50,051
Bills and acceptances payable	–	3,027
Other liabilities	2	2,681
	<u>2,123</u>	<u>153,277</u>

Bank	Immediate holding company	Subsidiaries	Other related companies
18 months period ended	RM'000	RM'000	RM'000
31.12.2004			
Income			
Interest on deposits and placements with financial institutions	–	20,555	75
Income on dealing securities	–	–	23,329
Interest on advances	–	15,649	–
Other income	1,529	92,722	10,415
	<u>1,529</u>	<u>128,926</u>	<u>33,819</u>

Expenditure			
Interest on deposits and placements of banks and other financial institutions	–	1,033	289
Interest on fixed deposits	674	8,208	1,298
Interest on securities sold under REPO	157	569	3,733
Rental of premises	–	4,729	14,979
Management fee	–	1,009	7,381
Other expenses	643	60	20,159
	<u>1,474</u>	<u>15,608</u>	<u>47,839</u>

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

30 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	Immediate holding company RM'000	Subsidiaries RM'000	Other related companies RM'000
Bank			
18 months period ended			
31.12.2004			
Amount due from			
Current account and fixed deposits	-	897,481	-
Loans, advances and financing	-	230,815	-
Dealing securities	-	-	340,000
Investment securities	-	-	200,000
Deposits and placements of banks and financial institutions	-	325,215	-
Other assets	26,827	6,887	11,139
	26,827	1,460,398	551,139
Amount due to			
Current account and fixed deposits	122,202	728,820	70,338
Securities sold under REPO	1,500	-	152,115
Deposits and placements of banks and financial institutions	-	2,999	87,050
Bills and acceptances payable	-	-	1,248
Finance lease	-	2,076	-
Other liabilities	42	61,282	1,488
	123,744	795,177	312,239
Bank			
12 months year ended			
30.6.2003			
Income			
Interest on deposits and placements with financial institutions	-	7,726	4
Income on dealing securities	-	175	8,892
Interest on advances	-	12,223	5,258
Other income	1,068	51,951	4,884
	1,068	72,075	19,038
Expenditure			
Interest on deposits and placements of banks and other financial institutions	-	2,712	464
Interest on fixed deposits	2,150	654	1,507
Interest on securities sold under REPO	1,564	86	611
Rental of premises	-	2,169	10,331
Management fee	-	859	5,698
Other expenses	24	37	10,241
	3,738	6,517	28,852

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

30 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

	Immediate holding company RM'000	Subsidiaries RM'000	Other related companies RM'000
Bank			
12 months year ended			
30.6.2003			
Amount due from			
Current account and fixed deposits	–	42,000	–
Loans, advances and financing	–	646,691	–
Dealing securities	–	–	250,000
Deposits and placements with banks and other financial institutions	–	304,000	–
Other assets	25,336	2,924	5,991
	<u>25,336</u>	<u>995,615</u>	<u>255,991</u>
Amount due to			
Current account and fixed deposits	721	26,519	51,961
Securities sold under REPO	1,400	–	16,750
Deposits and placements of banks and financial institutions	–	13,056	–
Bills and acceptances payable	–	–	3,027
Other liabilities	2	61,851	1,852
	<u>2,123</u>	<u>101,426</u>	<u>73,590</u>

RHB Bank has entered into a related party contract whereby PJ Indah Sdn Bhd ('PJ Indah') has been appointed as the sub-contractor for the supply, delivery, installation, testing and commissioning of electrical and communication services for the proposed construction and completion of the RHB Bank IT and Training Centre in Bangi, Selangor, for a contract sum of RM13.68 million and subsequent approved variation order of RM4.1 million. The interested related party for the contract is Dato' Abdul Rashid bin Ahmad, a common director of RHB Bank and PJ Indah, who at the point of entering into the contract held a major shareholding of 1,521,000 ordinary shares representing a 23.65% equity interest in PJ Indah. The Letter of Acceptance in relation to the sub-contract was accepted by PJ Indah on 25 September 2001. The terms of payment for the sub-contract are no more favourable to PJ Indah than those generally offered to other sub-contractors of RHB Bank. The total amount paid to PJ Indah as at 31 December 2004 was RM16,966.4 thousand.

RHB Bank has entered into a related party contract on 21 March 2003 whereby Asterix Systems Sdn Bhd ('Asterix') has been appointed for the provision of IT consulting services in respect of IT systems integration for the merger of ex-Bank Utama (Malaysia) Berhad (now known as Utama Gilang Sdn Bhd) with RHB Bank for a contract sum of RM3.0 million. A new contract amounting to RM1.45 million for the period from April 2003 until September 2003 was awarded to Asterix for IT procurement. In addition, the Bank also incurred monthly registration fees for e-HR System Model A amounting to RM993.6 thousand, which ended in 30 April 2004. The interested related party for the contract is Dato Sri Sulaiman Abdul Rahman Taib, the Executive Chairman of Rashid Hussain Berhad ('RHB') and a common major shareholder of both RHB and Asterix, who at the point of entering into the contract held an indirect equity interest of 75% in Asterix.

RHB Bank entered into a related party transaction with Asterix on 13 January 2004 to supply CCTV digital video recording for 10 Cash Distribution Centres and 19 branches for a total value of RM913.5 thousand. The interested related party for the contract is Dato Sri Sulaiman Abdul Rahman Taib, the Executive Chairman of Rashid Hussain Berhad ('RHB') and common major shareholder of both RHB and Asterix, who at the point of entering into the contract held an indirect equity interest of 79% in Asterix.

RHB Bank has also entered into a related party transaction with T-Melmax Sdn Bhd ('T-Melmax') for purchase of IT equipment and services pertaining to the new enhanced e-HR system (eHR²). The value of procurement to T-Melmax amounted to RM406,144 in December 2003. Arising from eHR² system, a new contract dated 28 May 2004 has been entered into with T-Melmax for eHR² registration fees, annual fees and transaction fees. The value incurred for the eHR² under this contract is RM484.5 thousand from May 2004 until December 2004. The interested related party for the contract is Dato Sri Sulaiman Abdul Rahman Taib, the Executive Chairman of Rashid Hussain Berhad ('RHB') and a common major shareholder of both RHB and T-Melmax, who at the point of entering into the contract held an indirect equity interest of 31.79% in RHB and a direct equity interest of 78.78% in T-Melmax.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

31 TAXATION

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Malaysian income tax:				
- Current period/year	213,877	130,718	183,982	105,795
- Under/(over) provision prior years	8,912	(226,067)	(15,071)	(228,032)
Overseas taxation:				
- Current period/year	2,548	1,296	2,499	1,232
- Under/(over) provision prior years	247	-	247	-
Deferred taxation (note 9)	(51,020)	187,355	(7,531)	198,640
Tax on INCPS dividends	(52,943)	(30,645)	(52,943)	(30,645)
	121,621	62,657	111,183	46,990

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:-

	Group		Bank	
	18 months period ended 31.12.2004 %	12 months year ended 30.6.2003 %	18 months period ended 31.12.2004 %	12 months year ended 30.6.2003 %
Group and Bank average applicable tax rate	28	28	28	28
Tax effect in respect of: -				
Non allowable expenses	2.6	6.7	2.8	1.6
Non-taxable income	(0.2)	(1.2)	(3.0)	(2.7)
Effect of different tax rates in Labuan/other countries	(5.0)	(5.0)	(0.1)	-
Utilisation of unabsorbed business losses				
brought forward previously not recognised	(1.1)	(0.5)	(1.4)	(0.3)
Current year loss not recognised as deferred tax				
assets during the year	-	3.3	-	-
Deferred tax asset recognised on general				
provision vested over from subsidiary	-	(8.5)	-	(8.9)
Other temporary differences not recognised in prior years	(3.0)	(3.5)	1.7	(2.1)
(Over)/ under provision in prior years	(0.1)	0.6	(3.3)	-
Others	(0.1)	-	-	-
Average effective tax rate	21.1	19.9	24.7	15.6
Tax losses:				
Tax savings as a result of the utilisation of tax losses				
brought forward from previous year for which the				
related credit is recognised during the financial period/year	6,156	1,573	6,156	773

The over provision in prior years for the financial year ended 30 June 2003 is mainly in respect of the change in the Bank's estimated tax provisioning on interest-in-suspense in arriving at the taxable income of the Bank. Correspondingly, the deferred tax assets recognised in prior years in respect of interest-in-suspense has been reversed in the financial year 2003 (refer to note 9).

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

32 EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the net profit for the financial period less INCPS dividends by the weighted average number of ordinary shares in issue during the financial period.

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Earnings per ordinary share are calculated as follows:				
Basic:				
Net profit for the financial period/year	454,460	252,209	339,174	253,631
Weighted average number of ordinary shares in issue ('000)	3,899,972	3,899,972	3,899,972	3,899,972
Basic earnings per share (sen)	11.7	6.5	8.7	6.5

(b) Diluted earnings per ordinary share

If the Bank's INCPS were converted to ordinary shares, the effect would be anti-dilutive and are therefore ignored in the calculation for dilutive earnings per share of the Group and the Bank.

33 DIVIDENDS OF ORDINARY SHARES

	Group and Bank			
	18 months period ended 31.12.2004		12 months year ended 30.6.2003	
	Gross dividend per share Sen	Amount of dividends, net of 28% tax RM'000	Gross dividend per share Sen	Amount of dividends, net of 28% tax RM'000
Ordinary Shares				
First interim dividend	0.82	22,886	0.61	17,129
Second interim dividend	1.90	53,351	–	–
Final dividend – proposed/paid	3.00	84,240	2.35	65,987
	5.72	160,477	2.96	83,116

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial period of 3 sen per share (30.6.2003: 2.35 sen per share) less tax amounting to RM84.24 million will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ended 31 December 2005 when approved by the shareholders.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

34 RECONCILIATION OF PROFIT AFTER INCPS DIVIDENDS BUT BEFORE TAXATION AND ZAKAT TO CASH GENERATED FROM OPERATING ACTIVITIES

	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
GROUP		
Profit after INCPS dividends but before taxation and zakat	576,886	315,167
Adjustment for:		
Dividend on INCPS	189,082	109,447
Share of results of an associate	(2,702)	(102)
Property, plant and equipment:		
– Depreciation	145,278	85,007
– Gain on disposal	(4,995)	(11,734)
– Loss on disposal	2,917	2
– Written off	1,479	543
Allowance of impairment loss	13,040	13,533
Gain on sale of foreclosed properties	(214)	(2)
Loss on sale of foreclosed properties	3	48
Write-back of provision for diminution in foreclosed properties	(789)	–
Gain on disposal of investment securities	(49,859)	(73,026)
Interest income from investment securities	(473,849)	(205,993)
Provision for diminution in value of investment securities	53,391	41,667
Write-back of provision for diminution in value of investment securities	(46,932)	(9,921)
Dividend income	(6,409)	(15,172)
Loan loss and provisioning	815,031	554,112
Net interest suspended	557,390	344,646
Provision for amount recoverable from Danaharta	5,552	66,089
Amortisation of premium less accretion of discount	(4,504)	(4,813)
Amortisation of discount for subordinated obligations	358	122
Unrealised exchange (gain)/loss	(10,129)	3,967
	1,760,025	1,213,587
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	(239,821)	984,643
Securities purchased under resale agreements	19,327	(43,920)
Dealing securities	2,040,978	(1,862,687)
Investment securities	2,685	–
Loans, advances and financing	(3,048,029)	(685,982)
Fixed assets	4,948	–
Other assets	(15,466)	18,695
Statutory deposits	(133,555)	5,608
Increase/(Decrease) in operating liabilities:		
Deposits from customers	1,591,448	4,259,336
Deposits and placements of banks and financial institutions	3,946,788	(1,651,104)
Obligations on securities sold under repurchase agreements	4,535,952	646,615
Bills and acceptances payable	(876,402)	(465,645)
Amount due to Cagamas	2,806,825	107,089
Short term borrowing	(132,500)	(40,028)
Other liabilities	121,508	221,027
Cash generated from operating activities	12,384,711	2,707,234

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

34 RECONCILIATION OF PROFIT AFTER INCPS DIVIDENDS BUT BEFORE TAXATION AND ZAKAT TO CASH GENERATED FROM OPERATING ACTIVITIES (CONTINUED)

	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
BANK		
Profit after INCPS dividends but before taxation and zakat	450,357	300,870
Adjustment for:		
Dividend on INCPS	189,082	109,447
Property, plant and equipment:		
– Depreciation	141,137	80,800
– Gain on disposal	(4,795)	(11,607)
– Loss on disposal	2,917	2
– Written off	1,473	55
Allowance of impairment loss	4,513	–
Gain on sale of foreclosed properties	(214)	(2)
Loss on sale of foreclosed properties	3	48
Write-back of provision for diminution in foreclosed properties	(789)	–
Gain on disposal of investment securities	(33,831)	(71,625)
Interest income from investment securities	(440,282)	(178,696)
Provision for diminution in value of investment securities	44,421	4,648
Write-back of provision for diminution in value of investment securities	(32,356)	(6,702)
Dividend income	(96,496)	(65,071)
Loan loss and provisioning	770,249	467,069
Net interest suspended	545,452	302,544
Provision for amount recoverable from Danaharta	5,552	65,635
Amortisation of premium less accretion of discount	(4,799)	695
Amortisation of discount for subordinated obligations	358	122
Unrealised exchange loss	9,542	5,572
	1,551,494	1,003,804
(Increase)/Decrease in operating assets:		
Deposits and placements with financial institutions	(319,029)	805,126
Securities purchased under resale agreements	19,327	(48,932)
Dealing securities	2,042,292	(1,862,687)
Investment securities	2,685	–
Loans, advances and financing	(860,685)	(1,396,133)
Fixed assets	4,150	–
Other assets	(40,820)	46,286
Statutory deposits	(52,964)	20,893
Increase/(Decrease) in operating liabilities:		
Deposits from customers	771,625	3,478,821
Deposits and placements of banks and financial institutions	3,853,162	(17,970)
Obligations on securities sold under repurchase agreements	4,497,952	532,215
Bills and acceptances payable	(876,401)	(494,715)
Amount due to Cagamas	1,883,979	(2,594)
Other liabilities	12,431	80,043
Cash generated from operating activities	12,489,198	2,144,157

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

35 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers. Apart from the allowance for commitments and contingencies already made in the financial statements (see Note 17), no material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Group are as follows:

	31.12.2004		30.6.2003	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Direct credit substitutes	1,628,451	1,628,451	1,949,090	1,949,090
Transaction-related contingent items	1,048,592	524,296	1,118,629	559,315
Short-term self-liquidating trade-related contingencies	1,923,997	384,799	1,477,588	295,518
Obligations under underwriting agreements	265,240	132,620	257,990	128,995
Housing loans sold directly and indirectly to Cagamas with recourse	54,080	54,080	57,925	57,925
Irrevocable commitments to extend credit:				
– maturity more than one year	3,129,055	1,564,528	3,411,602	1,705,801
– maturity less than one year	17,049,889	–	17,415,156	–
Foreign exchange related contracts				
– less than one year	13,899,588	172,470	4,472,019	70,612
– one year to less than five years	199,500	15,860	190,000	19,760
Interest rate related contracts				
– less than one year	470,000	1,503	287,000	826
– one year to less than five years	1,076,000	36,492	1,181,000	60,502
– more than five years	–	–	153,500	5,700
Miscellaneous	541,088	–	614,179	–
Total	41,285,480	4,515,099	32,585,678	4,854,044

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

35 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk weighted exposures of the Bank are as follows:

	31.12.2004		30.6.2003	
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000
Direct credit substitutes	1,627,896	1,627,896	1,948,166	1,948,166
Transaction-related contingent items	1,035,130	517,565	1,104,974	552,487
Short-term self-liquidating trade-related contingencies	1,916,921	383,384	1,471,885	294,377
Obligations under underwriting agreements	265,240	132,620	257,990	128,995
Housing loans sold directly and indirectly to Cagamas with recourse	54,080	54,080	57,925	57,925
Irrevocable commitments to extend credit:				
– maturity more than one year	2,449,478	1,224,739	3,220,253	1,610,127
– maturity less than one year	17,015,665	–	17,318,339	–
Foreign exchange related contracts				
– less than one year	13,892,379	172,301	4,465,904	70,438
– one year to less than five years	199,500	15,860	190,000	19,760
Interest rate related contracts				
– less than one year	470,000	1,503	267,000	660
– one year to less than five years	886,000	23,936	1,105,000	58,222
– more than five years	–	–	39,500	–
Miscellaneous	541,088	–	614,179	–
Total	40,353,377	4,153,884	32,061,115	4,741,157

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

Foreign exchange and interest rate related contracts are subject to market risk and credit risk

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

35 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Breakdown of foreign exchange and interest rate related contracts:

	Group		Bank	
	31.12.2004 Principal Amount RM'000	30.6.2003 Principal Amount RM'000	31.12.2004 Principal Amount RM'000	30.6.2003 Principal Amount RM'000
<u>Foreign exchange related contracts</u>				
- forward/swaps	12,788,609	3,987,029	12,781,400	3,980,914
- options	371,671	457,419	371,671	457,419
- cross currency interest rate swaps	190,000	190,000	190,000	190,000
- spots	748,808	27,571	748,808	27,571
	14,099,088	4,662,019	14,091,879	4,655,904
<u>Interest rate related contracts</u>				
- futures	269,000	255,500	269,000	255,500
- swaps	1,277,000	1,366,000	1,087,000	1,156,000
	1,546,000	1,621,500	1,356,000	1,411,500

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2004, the amount of contracts which were not hedged, and hence, exposed to market risk was RM1,079,992,843 (30.6.2003: RM970,566,997).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at 31 December 2004, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM51,756,237 (30.6.2003: RM67,369,788). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

The Bank has also given a continuing guarantee to Bank Negara Malaysia 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.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

36 OPERATING LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments, net of sub-leases, is as follows:

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
<u>Year</u>				
Within one year	21,423	26,141	19,414	24,846
Between one to five years	16,961	20,388	15,154	18,351
More than five years	505	202	505	–

37 CAPITAL COMMITMENTS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Capital expenditure:				
Authorised and contracted for	19,992	36,282	19,538	35,752
Authorised but not contracted for	43,958	78,852	42,008	76,778
	63,950	115,134	61,546	112,530
Analysed as follows:-				
Property, plant and equipment	63,950	115,134	61,546	112,530

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

OVERVIEW AND ORGANISATION

Risk is inherent in banking business and sound risk management is cornerstone of prudent and successful banking. In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors ('Board') is responsible for identifying principal risk and ensuring that there is an ongoing process to continuously manage the Bank's risks proactively.

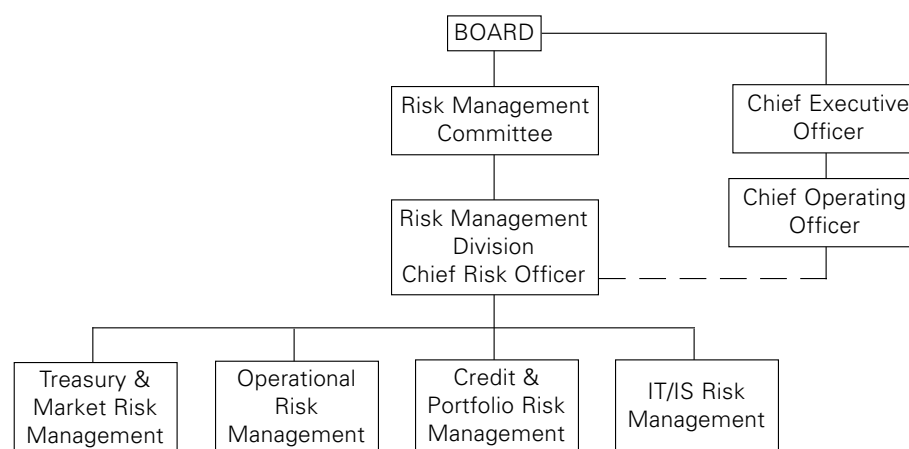
The Risk Management Committee of the Board provides oversight and management of all risks in an integrated way. Risk Management Division (RMD) is independent and reports directly to this committee. RMD through Risk Management Committee assists the Board to formulate risk related policies, advises the Board on the risk impact of business strategies and reviews compliance by the management to the risk policy framework that is approved by the Board. The structure of risk management in the Bank is shown below:

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

OVERVIEW AND ORGANISATION (CONTINUED)



Structure of Risk Management

Primary responsibility for managing risks, however, rests with business managers. They are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits. Additionally, the management of risks associated with financial instruments is continuously carried out in the organization. The Board has set up policies and procedures to manage the risks that may arise in connection with the use of financial instruments.

MARKET RISK MANAGEMENT

Market risk is the risk of potential loss resulting from adverse movements in the level of market prices or rates, the two key components being interest rate risk and foreign currency exchange risks. It is incurred as a result of trading and non-trading activities.

The primary objective of market risk management is to ensure that losses from market risk can be promptly addressed and risk positions are sufficiently liquid to enable the Bank to have adequate funding position without incurring potential loss that is beyond sustainability.

A framework of approved risk policies, methodologies and limits as approved by the Board, controls financial market activities. The Asset Liability Committee ('ALCO') has a fundamental responsibility in asset/liability management and establishes strategies amongst others which assist in reducing the exposure to market risk. The compliance with limits and policies are in turn monitored by Risk Management Department ('RMD').

Apart from monitoring compliance with risk policies, methodologies and limits, a number of techniques are used to measure and control market risks. Value at Risk ('VAR') method is used for estimation of potential loss arising from positions held for a specified period of time. Scenario analysis and stress testing examine the impact of unusual market forces on the existing portfolios.

Derivative financial instruments are used principally to hedge exposures to fluctuation in foreign exchange rates and interest rates. Risk of market rate change subsequent to acquisition is generally offset by opposite effects on the items being hedged.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Some specific methods for managing the various types of market risks are:

(a) CURRENCY RISK

Currency risk refers to the risk that earnings and value of financial instruments will fluctuate due to changes in foreign exchange rates.

There is an approved position limits for each currency and an overall total limit. Trading loss limits are imposed on each trading desk and on each individual dealer. The levels of these exposures (including off-balance sheet items) by currency and overall total for both intra-day and overnight positions are monitored daily for compliance with the approved limits. These limits are reviewed regularly and are in line with strategies set by ALCO.

Foreign and overseas investments, which are funded by purchases with resultant open foreign exchange positions, are monitored and appropriate hedging strategies are undertaken in line with market trends.

(b) INTEREST RATE RISK

Interest rate risk is the risk to earnings and the value of financial instruments held by the Bank caused by fluctuation in the interest rates. Interest rate risks arise from differences in maturities and repricing dates of assets, liabilities and off-balance sheet items.

The ALCO monitors the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements. There are set limits on the level of mismatch of interest rate repricing that may be undertaken, which are monitored monthly. VAR and sensitivity analysis are undertaken to provide guidance towards limiting interest rate risks.

The table below summarises the Group and the Bank's exposure to interest rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

Group	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	SPI	Non- interest bearing	Total	Effective interest rate
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets										
Cash and short term funds	10,982,953	-	-	-	-	-	609,363	407,337	11,999,653	2.84
Securities purchased under resale agreements	40,458	-	-	-	-	-	-	-	40,458	0.45
Deposits and placements with financial institutions	258,814	235,000	50	1,540	-	-	1,021	-	496,425	2.21
Dealing securities	1,017,572	913,652	410,214	753,271	946,923	106,817	896,659	1,314	5,046,422	2.77
Investment securities	1,194,312	1,262,736	998,260	876,849	4,647,318	3,139,620	779,884	(7,057) [#]	12,891,922	3.56
Loans, advances and financing	30,002,466	4,258,942	1,756,081	515,926	4,226,259	2,823,396	3,755,595	(4,233,662) [*]	43,105,003	6.09
Other assets	20,904	-	-	-	-	-	13,581	242,822	277,307	4.80
Tax recoverable	-	-	-	-	-	-	-	26,831	26,831	-
Deferred taxation assets	-	-	-	-	-	-	21,179	173,914	195,093	-
Statutory deposits	-	-	-	-	-	-	143,624	1,191,101	1,334,725	-
Investment in an associate	-	-	-	-	-	-	-	4,601	4,601	-
Property, plant and equipment	-	-	-	-	-	-	669	665,143	665,812	-
Goodwill	-	-	-	-	-	-	-	1,004,955	1,004,955	-
Total assets	43,517,479	6,670,330	3,164,605	2,147,586	9,820,500	6,069,833	6,221,575	(522,701)	77,089,207	

* This represents the specific provision, general provision and interest-in-suspense for loans, advances and financing.

Consist of equity instruments, net accretion of discount less provision for diminution in value.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Group	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	SPI	Non- interest bearing	Total	Effective interest rate %
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Liabilities										
Deposits from customers	18,886,734	5,027,595	3,201,503	6,385,739	425,921	10	3,683,805	11,369,878	48,981,185	2.96
Deposits and placements of banks and other financial institutions	3,401,746	828,223	230,713	337,685	516,071	51,104	1,273,222	1,829	6,640,593	2.69
Obligations on securities sold under repurchase agreements	7,456,049	44,900	-	-	-	-	-	-	7,500,949	2.64
Bills and acceptances payable	651,994	728,564	292,545	-	-	-	606,464	344,612	2,624,179	2.99
Amount due to Cagamas	-	-	-	30,483	2,775,184	561,184	-	-	3,366,851	4.43
Other liabilities	223,576	-	-	-	-	-	142,934	746,750	1,113,260	2.80
Taxation and zakat	-	-	-	-	-	-	408	(147)	261	-
Deferred taxation	-	-	-	-	-	-	-	22	22	-
Subordinated obligations	-	-	-	-	1,368,080	-	-	-	1,368,080	6.63-6.85
	30,620,099	6,629,282	3,724,761	6,753,907	5,085,256	612,298	5,706,833	12,462,944	71,595,380	
INCPS	-	-	-	-	1,368,099	-	-	-	1,368,099	8.00-10.00
	30,620,099	6,629,282	3,724,761	6,753,907	6,453,355	612,298	5,706,833	12,462,944	72,963,479	
On-balance sheet interest-sensitivity gap	12,897,380	41,048	(560,156)	(4,606,321)	3,367,145	5,457,535				
Off-balance sheet interest-sensitivity gap	2,229	(1,321)	279,428	29,355	399,000	-				
Total interest sensitivity gap	12,899,609	39,727	(280,728)	(4,576,966)	3,766,145	5,457,535				

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Group	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	SPI	Non- interest bearing	Total	Effective interest rate
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets										
Cash and short term funds	2,930,253	-	-	-	-	-	475,461	582,026	3,987,740	3.00
Securities purchased under resale agreements	55,400	-	-	-	-	-	-	-	55,400	0.41
Deposits and placements with financial institutions	-	177,892	72,049	1,750	-	-	4,913	-	256,604	2.99
Dealing securities	1,143,926	1,590,814	1,222,356	275,952	441,095	665,459	1,747,798	-	7,087,400	3.19
Investment securities	207,569	338,125	401,743	1,233,113	1,812,453	3,198,814	822,768	227,898	8,242,483	2.80
Loans, advances and financing	29,903,036	7,301,815	1,701,421	877,213	1,992,739	1,464,086	2,794,834	(4,513,602)	41,521,542	6.32
Other assets	20,904	-	-	-	-	-	6,553	223,811	251,268	4.80
Tax recoverable	-	-	-	-	-	-	-	52,486	52,486	-
Deferred taxation assets	-	-	-	-	-	-	-	163,560	163,560	-
Statutory deposits	-	-	-	-	-	-	157,009	1,040,006	1,197,015	-
Investment in an associate	-	-	-	-	-	-	-	3,417	3,417	-
Property, plant and equipment	-	-	-	-	-	-	382	685,957	686,339	-
Goodwill	-	-	-	-	-	-	-	1,044,724	1,044,724	-
Total assets	34,261,088	9,408,646	3,397,569	2,388,028	4,246,287	5,328,359	6,009,718	(489,717)	64,549,978	

The negative balance includes specific provision, general provision and interest-in-suspense for loans, advances and financing.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Group	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	SPI	Non- interest bearing	Total	Effective interest rate %
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Liabilities										
Deposits from customers	15,359,401	7,012,291	6,171,658	5,198,277	332,161	-	4,447,346	8,708,493	47,229,627	3.07
Deposits and placements of banks and other financial institutions	604,696	464,077	234,333	28,161	502,259	80,584	765,618	284	2,680,012	3.16
Obligations on securities sold under repurchase agreements	2,926,017	35,102	3,000	-	-	-	-	-	2,964,119	2.64
Bills and acceptances payable	1,027,914	1,538,454	394,227	657	-	-	262,597	275,740	3,499,589	3.21
Amount due to Cagamas	2,478	40,284	14,271	52,379	329,101	121,513	-	-	560,026	4.15
Other liabilities	164,703	-	-	-	-	-	154,309	613,558	932,570	2.86
Taxation and zakat	-	-	-	-	-	-	827	3,337	4,164	-
Deferred taxation	-	-	-	-	-	-	-	19,537	19,537	-
Short term borrowings	82,500	50,000	-	-	-	-	-	-	132,500	4.45
Subordinated obligations	-	-	-	-	1,367,722	-	-	-	1,367,722	6.63-6.85
	20,167,709	9,140,208	6,817,489	5,279,474	2,531,243	202,097	5,630,697	9,620,949	59,389,866	
INCPS	-	-	-	1,308,500	59,599	-	-	-	1,368,099	8.0
	20,167,709	9,140,208	6,817,489	6,587,974	2,590,842	202,097	5,630,697	9,620,949	60,757,965	
On-balance sheet interest-sensitivity gap	14,093,379	268,438	(3,419,920)	(4,199,946)	1,655,445	5,126,262				
Off-balance sheet interest-sensitivity gap	(248,958)	(14,081)	37,507	84,391	537,000	(74,500)				
Total interest sensitivity gap	13,844,421	254,357	(3,382,413)	(4,115,555)	2,192,445	5,051,762				

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Bank	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	SPI	Non- interest bearing	Total	Effective interest rate %
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets										
Cash and short term funds	10,924,575	-	-	-	-	-	608,335	392,517	11,925,427	2.75
Securities purchased under resale agreements	40,458	-	-	-	-	-	-	-	40,458	0.45
Deposits and placements with financial institutions	258,814	446,215	-	-	-	-	-	-	705,029	2.16
Dealing securities	1,017,572	913,652	410,214	753,271	946,923	106,817	896,659	-	5,045,108	2.77
Investment securities	1,043,399	1,192,502	984,960	866,032	4,154,981	3,112,556	779,884	46,088	12,180,402	2.42
Loans, advances and financing	29,103,925	3,506,303	1,837,279	399,227	1,750,220	1,114,735	3,754,579	(3,858,905)	37,607,363	6.17
Other assets	20,904	-	-	-	-	-	8,149	232,028	261,081	4.80
Tax recoverable	-	-	-	-	-	-	-	18,098	18,098	-
Deferred taxation assets	-	-	-	-	-	-	21,179	137,968	159,147	-
Statutory deposits	-	-	-	-	-	-	143,624	1,057,010	1,200,634	-
Investment in subsidiaries	-	-	-	-	-	-	-	792,488	792,488	-
Property, plant and equipment	-	-	-	-	-	-	669	527,158	527,827	-
Goodwill	-	-	-	-	-	-	-	892,950	892,950	-
Total assets	42,409,647	6,058,672	3,232,453	2,018,530	6,852,124	4,334,108	6,213,078	237,400	71,356,012	

The negative balance includes specific provision, general provision and interest-in-suspense for loans, advances and financing.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Bank	Up to 1	>1-3	>3-6	>6-12	>1-5	Over 5		Non-		Effective
31.12.2004	month	months	months	months	years	years	SPI	interest	Total	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	rate
										%
Liabilities										
Deposits from customers	16,486,658	4,517,889	3,359,502	5,297,143	279,950	10	3,688,016	11,418,791	45,047,959	2.74
Deposits and placements of banks and other financial institutions	3,390,665	771,677	187,471	312,524	516,001	51,104	1,273,222	1,829	6,504,493	2.74
Obligations on securities sold under repurchase agreements	7,456,049	6,900	-	-	-	-	-	-	7,462,949	2.64
Bills and acceptances payable	651,994	728,564	292,545	-	-	-	606,464	344,612	2,624,179	2.99
Amount due to Cagamas	-	-	-	30,483	1,446,646	561,184	-	-	2,038,313	4.66
Other liabilities	223,414	-	-	-	-	-	141,699	584,360	949,473	2.80
Taxation and zakat	-	-	-	-	-	-	398	(398)	-	-
Subordinated obligations	-	-	-	-	1,368,080	-	-	-	1,368,080	6.63-6.85
	28,208,780	6,025,030	3,839,518	5,640,150	3,610,677	612,298	5,709,799	12,349,194	65,995,446	
INCPS	-	-	-	-	1,368,099	-	-	-	1,368,099	8.00-10.00
	28,208,780	6,025,030	3,839,518	5,640,150	4,978,776	612,298	5,709,799	12,349,194	67,363,545	
On-balance sheet interest-sensitivity gap	14,200,867	33,642	(607,065)	(3,621,620)	1,873,348	3,721,810				
Off-balance sheet interest-sensitivity gap	(73,771)	(1,321)	165,428	29,355	589,000	-				
Total interest-sensitivity gap	14,127,096	32,321	(441,637)	(3,592,265)	2,462,348	3,721,810				

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Bank	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	SPI	Non- interest bearing	Total	Effective interest rate
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Assets										
Cash and short term funds	2,474,097	-	-	-	-	-	475,027	575,163	3,524,287	2.95
Securities purchased under resale agreements	55,400	-	-	-	-	-	-	-	55,400	0.41
Deposits and placements with financial institutions	-	386,000	-	-	-	-	-	-	386,000	2.94
Dealing securities	1,143,926	1,590,814	1,222,356	275,952	441,095	665,459	1,747,798	-	7,087,400	3.19
Investment securities	37,982	309,063	334,690	1,209,624	1,688,166	3,057,496	822,768	295,684	7,755,473	3.57
Loans, advances and financing	28,679,817	6,915,699	1,630,245	803,495	679,391	735,958	2,793,342	(4,128,834)	38,109,113	6.23
Other assets	20,904	-	-	-	-	-	1,005	211,943	233,852	4.80
Tax recoverable	-	-	-	-	-	-	-	52,416	52,416	-
Deferred taxation assets	-	-	-	-	-	-	-	151,586	151,586	-
Statutory deposits	-	-	-	-	-	-	157,009	986,506	1,143,515	-
Investment in subsidiaries	-	-	-	-	-	-	-	792,488	792,488	-
Property, plant and equipment	-	-	-	-	-	-	381	550,748	551,129	-
Goodwill	-	-	-	-	-	-	-	922,950	922,950	-
Total assets	32,412,126	9,201,576	3,187,291	2,289,071	2,808,652	4,458,913	5,997,330	410,650	60,765,609	

The negative balance includes specific provision, general provision and interest-in-suspense for loans, advances and financing.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) INTEREST RATE RISK (CONTINUED)

Bank	Up to 1	>1-3	>3-6	>6-12	>1-5	Over 5		Non-		Effective
30.6.2003	month	months	months	months	years	years	SPI	interest	Total	interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	rate
										%
Liabilities										
Deposits from customers	13,023,680	6,726,022	5,960,463	4,968,741	290,983	-	4,447,345	8,698,990	44,116,224	2.83
Deposits and placements of banks and other financial institutions	605,346	436,312	227,005	17,494	502,079	80,584	765,618	3,100	2,637,538	3.16
Obligations on securities sold under repurchase agreements	2,926,017	35,102	3,000	-	-	-	-	-	2,964,119	2.64
Bills and acceptances payable	1,027,914	1,538,454	394,227	657	-	-	262,597	275,740	3,499,589	3.21
Amount due to Cagamas	-	37,100	14,271	14,100	85,741	3,122	-	-	154,334	4.56
Other liabilities	164,703	-	-	-	-	-	153,098	567,656	885,457	2.86
Taxation and zakat	-	-	-	-	-	-	819	-	819	-
Subordinated obligations	-	-	-	-	1,367,722	-	-	-	1,367,722	6.63-6.85
	17,747,660	8,772,990	6,598,966	5,000,992	2,246,525	83,706	5,629,477	9,545,486	55,625,802	
										Effective dividend rate %
INCPS	-	-	-	1,308,500	59,599	-	-	-	1,368,099	8.0
	17,747,660	8,772,990	6,598,966	6,309,492	2,306,124	83,706	5,629,477	9,545,486	56,993,901	
On-balance sheet interest-sensitivity gap	14,664,466	428,586	(3,411,675)	(4,020,421)	502,528	4,375,207				
Off-balance sheet interest-sensitivity gap	(329,020)	(150,134)	37,507	84,391	613,000	39,500				
Total interest-sensitivity gap	14,335,446	278,452	(3,374,168)	(3,936,030)	1,115,528	4,414,707				

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) LIQUIDITY RISK

The primary objective of liquidity risk management is to ensure that the Bank maintains sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

Liquidity is assessed based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, taking into account consideration of realisable cash value of eligible liquefiable securities. The Bank sets limits on the minimum proportion of maturing funds available to meet call obligations and the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected level of demand. Net cash inflows are monitored by means of defined ratios. The Bank constantly ensures compliance with Bank Negara Malaysia's Liquidity Framework. The liquidity framework of the Bank is subject to periodic stress tests and results are constantly assessed.

(d) CREDIT RISK

Credit risk represents the possibility of loss due to changes in the quality of counterparties and the market price for credit risk assets (collateral).

The primary objective of credit risk management is to keep the Bank's exposure to credit risk within its capability and financial capacity to withstand potential financial losses.

The credit policy is to develop a strong credit culture with the objective of maintaining a well diversified, evaluated and current portfolio, fully satisfied for credit risk, giving no concern for unexpected losses and which ensures a reliable and satisfactory risk weighted return. This policy, the bedrock of credit risk management, is in the form of a written statement of credit standards, principles and guidelines, which is distributed bank-wide and used as a common source of reference.

Stringent measures and processes are in place before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being independently evaluated by the Chief Credit Officer ('CCO'). The Credit Committee and the Loans Committee of the Board sanction credits beyond the individual discretionary limit of the CCO. The strict adherence to the discretionary powers sanctioned by the Board is monitored.

A risk rating system is used to categorize the risk of individual credits and determine whether the Bank is adequately compensated. Client accounts are reviewed at regular intervals and weakening credits are transferred to the Loan Recovery Division for more effective management.

The Bank strives to maintain a diverse credit profile and track changing risk concentrations in response to market changes and external events. Risks are further mitigated through counterparty, industry and product exposure limits and risk reward mapping.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) CREDIT RISK (CONTINUED)

Credit risk exposure analysed by industry in respect of the Group and the Bank's financial assets, including off-balance sheet financial instruments, are set out below:

Group

	Short-term funds and deposits & placements with financial institutions	Securities purchased under resale agreements	Dealing securities	Investment securities	Loans, advances and financing#	Other financial assets*	On balance sheet total	Commitments and contingencies
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	18,353	1,214,759	-	1,233,112	764,266
Mining and quarrying	-	-	-	-	114,296	-	114,296	62,117
Manufacturing	-	-	229,558	384,784	8,972,983	-	9,587,325	9,182,161
Electricity, gas and water	-	-	38,794	76,000	431,443	498	546,735	304,919
Construction	-	-	36,607	225,698	2,530,665	-	2,792,970	2,603,903
Real estate	-	-	191,276	163,573	961,390	-	1,316,239	389,426
Purchase of landed property	-	-	-	459	12,239,517	-	12,239,976	1,964,847
General commerce	-	-	-	-	4,913,710	92	4,913,802	4,528,540
Transport, storage and communication	-	-	-	1,984,827	1,245,798	-	3,230,625	1,034,160
Finance, insurance and business services	11,682,613	40,458	2,008,994	4,583,493	2,572,052	283,297	21,170,907	13,398,326
Government and government agencies	-	-	2,539,879	4,577,295	820,405	95,109	8,032,688	-
Purchase of securities	-	-	-	-	1,739,626	-	1,739,626	197,208
Purchase of transport vehicles	-	-	-	-	2,525,779	-	2,525,779	83,427
Consumption credit	-	-	-	-	2,567,844	-	2,567,844	4,071,378
Others	-	-	-	47,834	1,064,482	217,697	1,330,013	2,700,802
	11,682,613	40,458	5,045,108	12,062,316	43,914,749	596,693	73,341,937	41,285,480

Excludes general provision amounting to RM809,746,000.

* Other financial assets comprises of bank balances and other receivables.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) CREDIT RISK (CONTINUED)

Group

	Short-term funds and deposits & placements with financial institutions	Securities purchased under resale agreements	Dealing securities	Investment securities	Loans, advances and financing#	Other financial assets*	On balance sheet total	Commitments and contingencies
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	999	17,160	1,760,380	-	1,778,539	667,287
Mining and quarrying	-	-	-	-	105,020	-	105,020	71,435
Manufacturing	-	-	151,255	408,003	9,033,410	-	9,592,668	8,131,419
Electricity, gas and water	-	-	125,762	76,000	1,105,289	359	1,307,410	449,881
Construction	-	-	316,494	459,606	2,728,285	516	3,504,901	2,531,651
Real estate	-	-	209,059	350,392	1,696,769	-	2,256,220	523,573
Purchase of landed property	-	-	-	1,087	10,837,037	508	10,838,632	2,273,836
General commerce	-	-	-	-	4,295,381	-	4,295,381	3,744,339
Transport, storage and communication	-	-	473,104	1,945,957	1,395,484	-	3,814,545	1,256,322
Finance, insurance and business services	3,625,220	-	3,532,014	1,196,311	2,700,699	152,141	11,206,385	7,636,204
Government and government agencies	36,134	55,400	2,278,713	3,002,451	258,350	-	5,631,048	84,317
Purchase of securities	-	-	-	-	1,878,756	-	1,878,756	137,108
Purchase of transport vehicles	-	-	-	-	1,251,111	-	1,251,111	107,579
Consumption credit	-	-	-	-	1,822,610	-	1,822,610	1,523,739
Others	-	-	-	76,574	1,426,497	227,792	1,730,863	3,446,988
	3,661,354	55,400	7,087,400	7,533,541	42,295,078	381,316	61,014,089	32,585,678

Excludes general provision amounting to RM773,536,000.

* Other financial assets comprises of bank balances and other receivables.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) CREDIT RISK (CONTINUED)

Bank

31.12.2004	Short-term	Securities	Dealing	Investment	Loans,	Other	On balance	Commitments
	funds	under			advances			
	and deposits & placements with financial institutions	resale agreements	securities	securities	and financing#	assets*		contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	-	18,353	1,128,159	-	1,146,512	710,563
Mining and quarrying	-	-	-	-	32,611	-	32,611	56,366
Manufacturing	-	-	229,558	384,784	7,476,712	-	8,091,054	8,959,174
Electricity, gas and water	-	-	38,794	-	306,098	-	344,892	304,785
Construction	-	-	36,607	225,698	2,339,561	-	2,601,866	2,561,540
Real estate	-	-	191,276	163,573	895,008	-	1,249,857	389,256
Purchase of landed property	-	-	-	459	12,278,713	-	12,279,172	1,959,424
General commerce	-	-	-	-	4,603,883	-	4,603,883	4,509,267
Transport, storage and communication	-	-	-	1,984,827	927,591	-	2,912,418	942,222
Finance, insurance and business services	11,832,838	40,458	2,008,994	4,499,436	2,600,016	266,224	21,247,966	13,179,909
Government and government agencies	-	-	2,539,879	4,116,490	820,405	93,310	7,570,084	-
Purchase of securities	-	-	-	-	1,733,755	-	1,733,755	184,185
Purchase of transport vehicles	-	-	-	-	5,309	-	5,309	2,158
Consumption credit	-	-	-	-	2,563,858	-	2,563,858	4,071,378
Others	-	-	-	-	580,314	215,208	795,522	2,523,150
	11,832,838	40,458	5,045,108	11,393,620	38,291,993	574,742	67,178,759	40,353,377

Excludes general provision amounting to RM684,630,000.

* Other financial assets comprises of bank balances and other receivables.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) CREDIT RISK (CONTINUED)

Bank

	Short-term funds and deposits & placements with financial institutions	Securities purchased under resale agreements	Dealing securities	Investment securities	Loans, advances and financing#	Other financial assets*	On balance sheet total	Commitments and contingencies
30.6.2003	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture	-	-	999	17,160	1,683,812	-	1,701,971	663,908
Mining and quarrying	-	-	-	-	94,880	-	94,880	71,435
Manufacturing	-	-	151,255	408,003	7,685,358	-	8,244,616	8,045,167
Electricity, gas and water	-	-	125,762	-	945,085	-	1,070,847	449,881
Construction	-	-	316,494	430,524	2,579,286	-	3,326,304	2,523,827
Real estate	-	-	209,059	350,392	1,588,090	-	2,147,541	509,999
Purchase of landed property	-	-	-	1,087	10,861,968	-	10,863,055	2,273,836
General commerce	-	-	-	-	4,148,435	-	4,148,435	3,744,339
Transport, storage and communication	-	-	473,104	1,945,957	1,179,910	-	3,598,971	1,221,605
Finance, insurance and business services	3,296,363	-	3,532,014	1,156,148	3,115,320	150,186	11,250,031	7,368,944
Government and government agencies	36,134	55,400	2,278,713	2,740,142	258,350	-	5,368,739	84,317
Purchase of securities	-	-	-	-	1,875,751	-	1,875,751	137,108
Purchase of transport vehicles	-	-	-	-	60,000	-	60,000	56,337
Consumption credit	-	-	-	-	1,817,660	-	1,817,660	1,523,739
Others	-	-	-	-	901,591	225,972	1,127,563	3,386,673
	3,332,497	55,400	7,087,400	7,049,413	38,795,496	376,158	56,696,364	32,061,115

Excludes general provision amounting to RM686,382,000.

* Other financial assets comprises of bank balances and other receivables.

(e) OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The management of operational risk is an important feature of sound risk management practice in today's banking operations. Policies and procedures, internal controls and internal reviews or audit processes are primary means to control operational risk. The operational risk function is responsible for development of bank-wide operational risk policies, frameworks and methodologies, and provide inputs to the business units on the operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Operating processes and policies are continually being refined and strengthened to prevent or minimize unexpected losses.

The Bank has embarked on its business continuity planning (BCP) programme for its Head Office, Datacentre and branches locations. Other initiatives to enhance better management of operational risks are the development of key risk indicators (KRIs) and operational risk self assessment (ORSA) for the various business/support groups.

The Human Resource Division has in place an established policy and procedures in ensuring quality people with integrity are recruited, trained and retained.

All new products introduced are evaluated by RMD before they are being endorsed by RMC and subsequently approved by the Board.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) INFORMATION TECHNOLOGY ('IT') RISK

As for IT risk, there is a continuous process of risk assessment and risk mitigation on the existing hardware, software and processes.

IT risk management is the process that balances the operational and economic costs of protective measures of IT systems and data against the goal of organization.

Dedicated disaster recovery planning (DRP) hot site is established for the mainframe system, as well as for the other specific software systems that Bank has.

The Bank allocates substantial time and dedicated staff to constantly review, revamp and develop new policy and procedures to cater for the constant change of the financial industry.

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents estimates of fair values as at the balance sheet date.

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the financial instruments, including loans and advances to customers, such market prices do not exist as there is currently no ready market wherein exchanges between willing parties occur.

Accordingly, various methodologies have been used to estimate what the approximate fair values of such instruments might be. These methodologies involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of futures cash flows, future expected loss experience and other factors. Changes in the uncertainties and assumptions could significantly affect these estimates and the resulting fair value estimates. Where these methodologies are not able to estimate the approximate fair values, such instruments are stated at carrying amount.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of MASB 24 which requires fair value information to be disclosed. These include property, plant and equipment, investment in subsidiary and associated companies and intangibles.

Therefore, for a significant portion of the Group and the Bank's financial instruments, including loans and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group and the Bank could have realised in a sales transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the Group and the Bank's underlying value as a going concern.

Furthermore, it is the Group and the Bank's intention to hold most of its financial instruments to maturity and, therefore, it is not probable that the fair value estimates shown will be realised.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table shows the carrying amounts and the estimated fair values of the Group and the Bank's financial instruments:

	Group		Bank	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
31.12.2004				
Financial assets				
Cash and short-term funds	11,999,653	11,999,653	11,925,427	11,925,427
Securities purchased under resale agreements	40,458	40,458	40,458	40,458
Deposits and placements with financial institutions	496,425	496,425	705,029	705,029
Dealing securities	5,046,422	5,074,918	5,045,108	5,070,111
Investment securities	12,891,922	12,986,215	12,180,402	12,224,336
Loans, advances and financing	43,105,003	43,206,465	37,607,363	37,607,363
Other assets	277,307	277,307	261,081	261,081
Financial liabilities				
Deposits from customers	48,981,185	48,981,185	45,047,959	45,047,959
Deposits and placements of bank and other financial institutions	6,640,593	6,640,593	6,504,493	6,504,493
Obligation on securities sold under repurchase agreements	7,500,949	7,500,949	7,462,949	7,462,949
Bills and acceptances payable	2,624,179	2,624,179	2,624,179	2,624,179
Amount due to Cagamas	3,366,851	3,372,081	2,038,313	2,092,928
Other liabilities	1,113,260	1,113,260	949,473	949,473
Subordinated obligations	1,368,080	1,446,025	1,368,080	1,446,025
INCPs	1,368,099	2,322,704	1,368,099	2,322,704
30.6.2003				
Financial assets				
Cash and short-term funds	3,987,740	3,987,740	3,524,287	3,524,287
Securities purchased under resale agreements	55,400	55,400	55,400	55,400
Deposits and placements with financial institutions	256,604	256,604	386,000	386,000
Dealing securities	7,087,400	7,109,712	7,087,400	7,109,712
Investment securities	8,242,483	8,407,559	7,755,473	7,876,018
Loans, advances and financing	41,521,542	41,533,631	38,109,113	38,109,113
Other assets	251,902	251,902	234,416	234,416
Financial liabilities				
Deposits from customers	47,229,627	47,229,627	44,116,224	44,116,224
Deposits and placements of bank and other financial institutions	2,680,012	2,680,012	2,637,538	2,637,538
Obligation on securities sold under repurchase agreements	2,964,119	2,964,119	2,964,119	2,964,119
Bills and acceptances payable	3,499,589	3,499,589	3,499,589	3,499,589
Amount due to Cagamas	560,025	559,396	154,334	154,334
Other liabilities	932,570	932,570	885,457	885,457
Short-term borrowings	132,500	132,500	–	–
Subordinated obligations	1,367,722	1,367,722	1,367,722	1,367,222
INCPs	1,368,099	1,463,866	1,368,099	1,463,866

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Off-balance sheet financial instruments

The derivative financial instruments outstanding as at 31 December 2004 include forward and swap contracts for the purchase and sale of foreign currencies, entered into by the Group and the Bank for trading or hedging purposes.

Group

	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
31.12.2004			
Foreign exchange related contracts:			
– forwards/swaps	12,788,609	31,126	13,025
– options	371,671	3,255	2,072
– cross currency interest rate swaps	190,000	–	1,383
– spots	748,808	757	511
Interest rate related contracts:			
– futures	269,000	300	238
– swaps	1,277,000	9,407	21,474
30.6.2003			
Foreign exchange related contracts:			
– forwards/swaps	3,987,029	10,505	13,511
– options	457,419	5,068	5,169
– cross currency interest rate swaps	190,000	–	2,132
– spots	27,571	13	13
Interest rate related contracts:			
– futures	255,500	228	77
– swaps	1,366,000	39,751	32,130

The fair values above include net fair value profit of RM8,832,000 (30.6.2003: net fair value profit of RM8,065,000) that has been recognised in the financial statements as at 31 December 2004. The balance of fair value differences mainly relate to hedged instruments which are not mark-to-market.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Bank

	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
31.12.2004			
Foreign exchange related contracts:			
– forwards/swaps	12,781,400	31,096	13,025
– options	371,671	3,255	2,072
– cross currency interest rate swaps	190,000	–	1,383
– spots	748,808	757	511
Interest rate related contracts:			
– futures	269,000	300	238
– swaps	1,087,000	2,931	4,633
30.6.2003			
Foreign exchange related contracts:			
– forwards/swaps	3,980,914	10,404	13,511
– options	457,419	5,068	5,169
– cross currency interest rate swaps	190,000	–	2,132
– spots	27,571	13	13
Interest rate related contracts:			
– futures	255,500	228	77
– swaps	1,156,000	29,175	3,549

The derivative financial instruments become positive fair value or negative fair value as a result of fluctuation in market interest rates or foreign exchange rates relative to their terms. The extent to which instruments are positive or negative and the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values above include net fair value profit of RM19,167,000 (30.6.2003: net fair value loss of RM2,442,000) that has been recognised in the financial statements as at 31 December 2004. The balance of fair value differences mainly relate to hedged instruments which are not marked-to-market.

The fair values are based on the following methodologies and assumptions:

Cash and short-term funds, securities purchased under resale agreements, other assets

The carrying amounts are a reasonable estimate of the fair values because of their short-term nature.

Deposits and placements with financial institutions

The estimated fair values of deposits and placements with financial institutions with maturities of less than one year are estimated to approximate their carrying values. For deposits and placements with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Dealing and investment securities

The estimated fair value is generally based on quoted and observable market prices at the balance sheet date. Where such quoted or observable market prices are not available on certain securities, the fair value is estimated by reference to market indicative yields or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the balance sheet date.

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired floating and fixed rates loans are represented by their carrying value, net of specific provision and interest-in-suspense, being the expected recoverable amount.

Deposits from customers, placements of banks and other financial institutions

For deposits from customers, placements of banks and other financial institutions with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For deposits with maturities more than one year, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits and placements with similar remaining period to maturities.

Obligations on securities sold under repurchase agreements and bills and acceptances payable, other liabilities

The carrying amounts are a reasonable estimate of the fair values because of their short-term nature.

Amount due to Cagamas

For amount due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amount due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining periods to maturity.

Subordinated obligations

The estimated fair value of subordinated bonds is generally based on quoted and observable market prices at the balance sheet date.

INCPS

The estimated fair value of the INCPS is based on the price over net assets value of comparable banks, adjusted for the conversion option of the INCPS.

Off balance sheet financial instruments

The fair value of exchange rate and interest rate contracts is the estimated amount the Group would receive or pay to terminate the contracts at the reporting date.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

40 CAPITAL ADEQUACY

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
<u>Tier I Capital</u>				
Paid-up ordinary share capital	1,949,986	1,949,986	1,949,986	1,949,986
Paid-up Irredeemable Non Cumulative Convertible Preference Shares	1,368,099	1,368,099	1,368,099	1,368,099
Share premium	8,563	8,563	8,563	8,563
Other reserves	2,167,179	1,833,464	2,118,956	1,831,009
Goodwill	(1,004,955)	(1,044,724)	(892,950)	(922,950)
Deferred tax assets	(195,093)	(163,560)	(159,147)	(151,586)
Deferred tax liabilities	22	19,537	-	-
Total Tier I capital	4,293,801	3,971,365	4,393,507	4,083,121
<u>Tier II Capital</u>				
Subordinated obligations	1,368,080	1,367,722	1,368,080	1,367,722
General provisions for bad and doubtful debts	809,746	773,535	730,230	726,283
Total Tier II capital	2,177,826	2,141,257	2,098,310	2,094,005
Total capital	6,471,628	6,112,622	6,491,817	6,177,126
Less:				
Investment in subsidiaries	-	-	(592,171)	(592,171)
Holdings of other financial institutions capital	-	(4,655)	-	(4,655)
Total capital base	6,471,628	6,107,967	5,899,646	5,580,300
<u>Capital ratios</u>				
Core capital ratio	9.3%	8.7%	10.6%	9.5%
Risk-weighted capital adequacy ratio	14.0%	13.4%	14.2%	13.0%

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

0%	-	-	-	-
10%	113,560	140,889	104,068	121,796
20%	2,024,481	1,254,152	2,018,982	1,227,195
50%	5,806,478	5,131,303	5,768,539	5,088,049
100%	38,156,656	38,840,590	33,369,586	36,214,972
	46,101,175	45,366,934	41,261,175	42,652,012

The Bank figures include the operations of RHB Bank (L) Ltd.

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

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

41 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segment and geographical segment.

All inter-segment transactions are conducted on an arms-length basis and on normal commercial terms not more favourable than those generally available to the public.

(a) Primary reporting format – by business segment

The Group's business segment can be organised into the following main segments reflecting the Group's internal reporting structure: -

Wholesale banking

Wholesale banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinationals corporations (including Japanese), Financial Institutions, Government and state owned entities, small and medium enterprises. Included under Wholesale Banking are offshore banking activities carried out by RHB Bank (L) Ltd which borrowings and lending facilities are offered in major currencies mainly to corporate customers. This segment also includes lease financing activities carried out by RHB Leasing Sdn Bhd which is predominant to middle market customers.

Retail banking

Retail banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire purchase financing, study loans and personal loans), credit cards, remittance services, deposit collection and investment products.

Treasury & money market

Treasury and money market operations is involved in proprietary trading in fixed income and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investment in ringgit and foreign currencies.

Skim Perbankan Islam ('SPI')

SPI focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, Government and state owned entities and small and medium sized enterprises.

Others

Other business segments in the Group include nominee services, property investment and rental, dormant operations and other related financial services, whose results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

41 SEGMENT INFORMATION (CONTINUED)

Group	Wholesale Banking	Retail Banking	Treasury & Money Market	SPI	Others	Elimination	Total
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information							
Segment assets	26,121,880	17,390,876	26,643,016	6,200,395	158,342	(1,628,152)	74,886,357
Deferred taxation assets							195,093
Tax recoverable							26,831
Investment in an associate							4,601
Unallocated assets							971,370
Goodwill							1,004,955
Total assets							<u>77,089,207</u>
Segment liabilities	25,805,478	16,476,494	23,150,097	5,706,423	161,080	(1,642,746)	69,656,826
Deferred taxation liabilities							22
Taxation and zakat							261
Subordinated obligations							1,368,080
Unallocated liabilities							570,191
							<u>71,595,380</u>
INCPs							1,368,099
Other segment items							
Capital expenditure	6,500	59,629	10,613	627	218		77,587 ²
Depreciation	3,580	68,991	2,864	429	1,168		77,032 ²
Impairment loss	664	-	-	-	12,376		13,040 ³
Other non-cash expense other than depreciation and impairment loss	929,328	275,020	38,099	80,767	1,063		1,324,277 ⁴

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

41 SEGMENT INFORMATION (CONTINUED)

Group	Wholesale Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	SPI RM'000	Others RM'000	Elimination RM'000	Total RM'000
30.6.2003							
Other information							
Segment assets	28,443,883	14,150,091	14,176,832	5,825,364	187,128	(523,403)	62,259,895
Deferred taxation assets							163,560
Tax recoverable							52,486
Investment in an associate							3,417
Unallocated assets							1,025,896
Goodwill							1,044,724
Total assets							<u>64,549,978</u>
Segment liabilities	27,203,810	12,392,806	12,890,643	5,450,905	145,990	(488,498)	57,595,656
Deferred taxation liabilities							19,537
Taxation and zakat							4,164
Subordinated obligations							1,367,722
Unallocated liabilities							402,787
							<u>59,389,866</u>
INCPS							<u>1,368,099</u>
Other segment items							
Capital expenditure	3,342	33,239	278	262	1,299		38,420 ²
Depreciation	2,876	43,213	2,262	473	883		49,707 ²
Impairment loss	–	–	–	–	13,533		13,533
Other non-cash expense other than depreciation and impairment loss	743,700	164,195	18,548	30,276	–		956,719 ⁴

Note:

1. Unallocated expenses are expenses incurred by Head Office Support Divisions which are not directly attributed to the business segments and cannot be allocated on a reasonable basis.
2. Excluding capital expenditure and depreciation of Head Office Support Divisions that are unable to be directly attributed to business segments on a reasonable basis amounting to RM61,720 thousand (30.6.2003: RM86,706 thousand) and RM68,246 thousand (30.6.2003: RM35,300 thousand) respectively.
3. Included in impairment loss are impairment losses on certain of the Bank's vacant properties of RM4,513 thousand.
4. Included in other non-cash expense other than depreciation and impairment loss are loan loss and provisioning, interest-in-suspense, provision for diminution in value of investment securities and accretion of discount less amortization of premium.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

41 SEGMENT INFORMATION (CONTINUED)

- (b) Secondary reporting format – by geographical segment

The geographical information is prepared based on the location of the assets.

	Total revenue RM'000	Total assets RM'000	Capital expenditure RM'000
31.12.2004			
Malaysia	4,831,141	72,987,682	127,870
Outside Malaysia	179,608	4,101,525	11,437
Total	5,010,749	77,089,207	139,307
30.6.2003			
Malaysia	2,859,723	61,407,767	123,667
Outside Malaysia	136,569	3,142,211	1,459
Total	2,996,292	64,549,978	125,126

42 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

- (a) Rationalisation of the Leasing and Hire-Purchase Businesses of RHB Delta Finance Berhad ('RHB Delta Finance') and RHB Leasing Sdn Bhd ('RHB Leasing') via a Scheme of Arrangement pursuant to Sections 176 and 178 of the Companies Act, 1965

In the previous financial year, RHB Leasing, the Bank's subsidiary, entered into a scheme of arrangement with RHB Delta Finance, the holding company of RHB Leasing, pursuant to Sections 176 and 178 of the Companies Act, 1965, to implement the rationalisation of the respective companies' leasing and hire-purchase businesses which involved the following:

- (i) RHB Delta Finance transferring all its leasing business to RHB Leasing; and
- (ii) RHB Leasing transferring all businesses other than its leasing business to RHB Delta Finance;

such that the leasing business would be conducted solely by RHB Leasing and the hire-purchase business would be conducted solely by RHB Delta Finance.

The abovesaid rationalisation exercise which had been approved by the Minister of Finance and Bank Negara Malaysia on 29 April 2003 and sanctioned by the High Court of Malaya on 29 September 2003 was implemented via a vesting order with effect from 1 November 2003.

- (b) Approval to establish an Islamic Banking Subsidiary

During the financial period, the Minister of Finance had granted its approval-in-principle for RHB Capital Berhad, the holding company to undertake Islamic Banking business through a subsidiary to be established by the Bank and in this regards, had also agreed to issue an Islamic banking licence to the RHB Capital pursuant to Section 3(4) of the Islamic Banking Act, 1983.

Accordingly, approval was also given pursuant to Section 29 of the Banking and Financial Institutions Act, 1989 for the Bank, to establish a subsidiary to undertake the Islamic Banking business.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

42 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD (CONTINUED)

(b) Approval to establish an Islamic Banking Subsidiary (continued)

On 24 November 2004, RHB Capital announced that the Bank had received approval from the Securities Commission ('SC') pursuant to Section 32(5) of the Securities Commission Act, 1993 for the transfer of the entire assets and liabilities of the Islamic Banking business to the new Islamic banking subsidiary which will be established under the Companies Act, 1965 and licensed under the Islamic Banking Act, 1983 for a consideration of approximately RM455,642,000 (subject to adjustment) to be satisfied via the issuance of 455,642,000 new ordinary shares of RM1.00 each at par by the said Islamic banking subsidiary to the Bank ('Proposed Transfer of Islamic Banking Business'). The said approval is subject to the following conditions:

- (i) The Bank must fully comply with the relevant requirements pertaining to the implementation of the Proposed Transfer of Islamic Banking Business as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities; and
- (ii) the Bank should inform the SC upon completion of the Proposed Transfer of Islamic Banking Business.

The provisional transfer consideration of RM455,642,000 is based on the net book value of the assets less the liabilities of the Islamic banking business of the Bank based on the audited accounts of the Bank as at 30 June 2004. The final transfer consideration will be determined based on the net book value of the assets less the liabilities of the Islamic banking business of the Bank as at the last day of the calendar month immediately preceding the vesting date of the said Proposed Transfer of Islamic Banking Business whereupon the provisional transfer consideration will be adjusted accordingly.

RHB Capital also announced that the Foreign Investment Committee, via the SC, had also unconditionally approved the Proposed Transfer of Islamic Banking Business pursuant to the Guidelines on the Acquisition of Interest, Mergers and Take-Over by Local and Foreign Interests on the basis that as a result of the said proposal, the effective Bumiputera equity structure of the Bank will be maintained at 52.73%.

On 2 February 2005, RHB Capital announced that 'RHB Islamic Bank Berhad' has been incorporated following the approvals obtained from the Minister of Finance and Minister of Domestic Trade and Consumer Affairs. The said company will be a wholly-owned subsidiary of the Bank and will be carrying on the Islamic banking business under the Islamic Banking Act, 1983 after the relevant license is issued by Bank Negara Malaysia.

The Islamic Banking Licence will be granted once all pre-licensing conditions have been satisfactory fulfilled.

The net effect of the transfer is not disclosed as the balance sheet and income statement of the Bank's Islamic Banking Business is disclosed in note 44.

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 February 2005.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING

BALANCE SHEETS AS AT 31 DECEMBER 2004

	Note	Group		Bank	
		31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
ASSETS					
Cash and short-term funds	a	609,363	475,461	608,335	475,027
Deposits and placements with financial institutions	b	1,021	4,913	–	–
Dealing securities	c	896,659	1,747,798	896,659	1,747,798
Investment securities	d	779,884	822,768	779,884	822,768
Financing and other advances	e	3,755,595	2,794,834	3,754,579	2,793,342
Other assets	f	13,581	10,144	8,149	4,596
Statutory deposit with Bank Negara Malaysia		143,624	157,009	143,624	157,009
Property, plant and equipment		669	382	669	381
Deferred taxation asset	g	21,179	–	21,179	–
Total assets		6,221,575	6,013,309	6,213,078	6,000,921
LIABILITIES AND SKIM PERBANKAN ISLAM FUNDS					
Deposits from customers	h	3,683,805	4,447,346	3,688,016	4,447,345
Deposits and placements of banks and financial institutions	i	1,273,222	765,618	1,273,222	765,618
Bills and acceptances payable		606,464	262,597	606,464	262,597
Zakat		408	827	398	819
Other liabilities	j	142,934	157,900	141,699	156,689
Total liabilities		5,706,833	5,634,288	5,709,799	5,633,068
Skim Perbankan Islam funds	k	514,742	379,021	503,279	367,853
Total liabilities and Skim Perbankan Islam funds		6,221,575	6,013,309	6,213,078	6,000,921
Commitments and contingencies	q	1,409,573	1,407,279	1,409,573	1,407,279

The accompanying notes 44(a) to 44(r) form an integral part of these financial statements.

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

INCOME STATEMENTS FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Note	Group		Bank	
		18 months period ended	12 months year ended	18 months period ended	12 months year ended
		31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Income derived from investment of depositors' funds	l	320,383	200,336	320,383	183,225
Financing loss and provision	m	(63,153)	(29,401)	(63,171)	(27,199)
Transfer from/(to) profit equalisation reserve	l	6,970	(4,257)	6,970	(3,857)
		264,200	166,678	264,182	152,169
Income attributable to depositors	l	(170,486)	(110,296)	(170,486)	(100,543)
Income attributable to shareholders		93,714	56,382	93,696	51,626
Income derived from investment of shareholders' fund	l	40,201	19,212	39,843	17,044
Net income		133,915	75,594	133,539	68,670
Overhead expenses	n	(19,370)	(10,078)	(19,292)	(8,887)
Profit before taxation and zakat		114,545	65,516	114,247	59,783
Taxation	o	21,179	–	21,179	–
Zakat		(3)	(301)	–	(248)
Net profit for the financial period/year		135,721	65,215	135,426	59,535

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

GROUP	Islamic Banking funds RM'000	Distributable	
		Retained earnings RM'000	Total RM'000
Balance as at 30.6.2003	187,000	192,021	379,021
Net profit for the financial period	–	135,721	135,721
Balance as at 31.12.2004	187,000	327,742	514,742
Balance as at 30.6.2002	157,000	126,806	283,806
Amount vested over from a subsidiary	30,000	–	30,000
Net profit for the financial year	–	65,215	65,215
Balance as at 30.6.2003	187,000	192,021	379,021
BANK			
Balance as at 30.6.2003	182,000	185,853	367,853
Net profit for the financial period	–	135,426	135,426
Balance as at 31.12.2004	182,000	321,279	503,279
Balance as at 30.6.2002	152,000	126,318	278,318
Amount vested over from a subsidiary	30,000	–	30,000
Net profit for the financial year	–	59,535	59,535
Balance as at 30.6.2003	182,000	185,853	367,853

CASH FLOW STATEMENTS FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat for the financial period/year	114,545	65,516	114,247	59,783
Adjustments for:				
Income from investment securities	(9,542)	(15,363)	(9,542)	(15,363)
Accretion of discount less amortisation of premium of investment securities	(32,636)	(10,683)	(32,636)	(10,683)
Gain on sale of investment securities	(16,051)	(19,054)	(16,051)	(19,054)
Specific provision for bad and doubtful debt	40,096	23,475	40,096	20,898
General provision	23,131	5,926	23,148	6,301
Income suspended	17,428	6,544	17,348	6,544
Profit equalisation reserve (written-back)/transferred	(6,970)	4,257	(6,970)	(3,857)
Operating profit before working capital changes	130,001	60,618	129,640	44,569

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
(Increase)/Decrease in operating assets and liabilities				
Deposits and placements with financial institutions	3,510	7,491	–	8,128
Financing and other advances	(1,041,418)	(273,795)	(1,041,829)	(272,060)
Dealing securities	851,139	(1,046,929)	851,139	(1,046,929)
Other assets	(3,457)	(6,838)	(3,564)	(1,359)
Statutory deposit with Bank Negara Malaysia	13,385	(27,020)	13,385	(27,020)
Deposits from customers	(763,159)	159,271	(759,328)	159,271
Deposits and placements of banks and other financial institutions	507,604	564,968	507,604	564,968
Bills and acceptances payable	343,867	89,487	343,867	89,487
Other liabilities	(7,985)	(191,907)	(8,021)	(184,161)
Cash generated from/(used in) operating activities	33,487	(664,654)	32,893	(665,106)
Zakat paid	(421)	(226)	(421)	(226)
Net cash generated from/(used in) operating activities	33,066	(664,880)	32,472	(665,332)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(288)	(23)	(288)	(23)
Income received from investment securities	85,062	16,910	85,062	16,910
Net sale of investment securities	16,062	302,802	16,062	302,802
Net cash generated from investing activities	100,836	319,689	100,836	319,689
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Net increase/(decrease) in cash and cash equivalents	133,902	(345,191)	133,308	(345,643)
Cash and cash equivalents vested over from a subsidiary	–	–	–	18
Cash and cash equivalents brought forward	475,461	820,652	475,027	820,652
Cash and cash equivalents carried forward	609,363	475,461	608,335	475,027

(a) CASH AND SHORT-TERM FUNDS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Cash and balances with banks and other financial institutions	1,791	3,061	763	2,627
Money at call and deposit placements maturing within one month	607,572	472,400	607,572	472,400
	609,363	475,461	608,335	475,027

(b) DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Licensed banks	1,021	4,913	–	–

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(c) DEALING SECURITIES

	Group and Bank	
	31.12.2004	30.6.2003
	RM'000	RM'000
Money market instruments:		
<u>Quoted</u>		
Government investment issues	74,179	258,367
Cagamas bonds	15,000	15,000
Private debt securities	136,919	295,832
<u>Unquoted</u>		
Bank Negara bills	–	114,424
Islamic accepted bills	463,510	628,317
Private debt securities	207,051	435,858
	896,659	1,747,798
Market value of quoted money market instruments:		
Government investment issues	75,300	258,367
Cagamas bonds	14,781	14,988
Private debt securities	136,606	296,539
(d) INVESTMENT SECURITIES		
Money market instruments:		
<u>Quoted</u>		
Government investment issues	–	361,552
Cagamas Mudharabah bonds	80,790	35,000
<u>Unquoted</u>		
Islamic debt securities	683,720	410,350
	764,510	806,902
Quoted securities in Malaysia:		
Shares	281	281
Unquoted securities in Malaysia:		
Shares	575	325
	765,366	807,508
Accretion of discount less amortisation of premium	14,518	15,260
Total investment securities	779,884	822,768

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(d) INVESTMENT SECURITIES (CONTINUED)

	Group and Bank	
	31.12.2004 RM'000	30.6.2003 RM'000
(i) Market value of quoted money market instruments and quoted securities:		
Government investment issues	–	376,320
Cagamas Mudharabah bonds	79,793	35,002
Shares in Malaysia	168	162
(ii) The maturity structure of money market instruments held for investment is as follows:		
Maturing within one year	5,074	275,784
One to three years	141,430	319,201
Three to five years	511,960	119,620
More than five years	106,046	92,297
	764,510	806,902

(e) FINANCING AND OTHER ADVANCES

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Overdrafts	42,140	6,821	42,140	6,821
Term financing:				
– house financing	1,047,716	679,656	1,047,410	679,394
– syndicated term financing	687,641	430,784	687,641	430,784
– hire purchase receivables	30	164	–	–
– leasing receivables	190	263,997	190	263,997
– other term financing	742,289	707,816	740,209	704,950
Trust receipts	2,189	4,320	2,189	4,320
Claim on customers under acceptance credits	905,743	642,946	905,743	642,946
Revolving credit	518,110	175,272	518,110	175,272
	3,946,048	2,911,776	3,943,632	2,908,484
Unearned income	(7,503)	(13,449)	(6,477)	(11,963)
Financing and other advances	3,938,545	2,898,327	3,937,155	2,896,521
Provision for bad and doubtful financing:				
– general	(75,659)	(52,528)	(75,639)	(52,491)
– specific	(77,354)	(37,940)	(77,354)	(37,937)
Income-in-suspense	(29,937)	(13,025)	(29,583)	(12,751)
Financing and other advances	3,755,595	2,794,834	3,754,579	2,793,342

(i) Financing and other advances analysed by concepts are as follows:

	31.12.2004	30.6.2003	31.12.2004	30.6.2003
Al-Bai' Inah	12,083	20,265	12,083	20,265
Al-Bai' Bithaman Ajil	2,982,668	1,957,447	2,981,278	1,955,641
Al-Ijarah	199	263,997	199	263,997
Al-Murabahah	943,595	656,618	943,595	656,618
	3,938,545	2,898,327	3,937,155	2,896,521

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(e) FINANCING AND OTHER ADVANCES (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
(ii) The maturity structure of financing and other advances are as follows:				
Maturing within one year	1,698,571	867,465	1,698,549	867,391
One to three years	102,758	266,017	102,699	265,932
Three to five years	310,817	344,918	310,519	344,850
Over five years	1,826,399	1,419,927	1,825,388	1,418,348
	3,938,545	2,898,327	3,937,155	2,896,521
(iii) Financing and other advances according to economic sector are as follows:				
Agriculture	285,696	402,684	285,688	402,675
Mining and quarrying	3	879	3	879
Manufacturing	921,343	645,485	921,336	645,149
Electricity, gas and water	276,939	52,088	276,939	52,088
Construction	153,533	105,330	153,533	105,330
(of which : Infrastructure)	39,406	38,969	39,406	38,969
Real estate	210,089	226,937	210,089	226,937
Purchase of landed property	1,082,141	731,041	1,080,782	729,878
(of which: i. Residential	1,047,941	679,656	1,047,593	679,394
ii. Non-residential)	34,200	51,385	33,189	50,484
General commerce	333,923	159,455	333,923	159,455
Transport, storage and communication	56,265	87,017	56,265	87,017
Finance, insurance and business services	194,480	280,215	194,480	280,196
Purchase of securities	323,576	5,167	323,576	5,167
(of which : Unit trust)	546	4,629	546	4,629
Purchase of transport vehicles	66	130	51	25
Consumption credit	23,522	7,373	23,522	7,373
Others	76,969	194,526	76,968	194,352
	3,938,545	2,898,327	3,937,155	2,896,521
(iv) Movements in non-performing debts and financing are as follows:				
Balance as at beginning of financial period/year	270,881	165,162	269,646	164,224
Amount arising from the acquisition of a subsidiary	-	5,086	-	-
Amount arising from balance vested over from a subsidiary	-	-	-	35,603
Non performing during the financial period/year (gross)	169,075	123,336	168,960	91,579
Amount recovered	(94,982)	(20,953)	(94,655)	(20,814)
Amount reclassified as performing	(55,876)	(1,750)	(55,876)	(946)
Amount written off	(1,415)	-	(1,412)	-
Balance as at end of financial period/year	287,683	270,881	286,663	269,646
Net non-performing financing	180,392	219,916	179,726	218,958
% of net non-performing financing to total financing (less SP and IIS)	4.8%	7.7%	4.8%	7.7%

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(e) FINANCING AND OTHER ADVANCES (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
(v) Movements in the provision for non-performing financing and income-in-suspense are as follows:				
<u>General provision</u>				
Balance as at beginning of financial period/year	52,528	36,212	52,491	36,170
Amount arising from the acquisition of a subsidiary	-	10,390	-	-
Amount arising from balance vested over from a subsidiary	-	-	-	10,020
Provisions made during the financial period/year	23,152	6,301	23,148	6,301
Amount written back	(21)	(375)	-	-
Balance as at end of financial period/year	75,659	52,528	75,639	52,491
% of total financing less SP and IIS	2.0%	1.8%	2.0%	1.8%
<u>Specific provision</u>				
Balance as at beginning of financial period/year	37,940	9,693	37,937	9,693
Amount arising from the acquisition of a subsidiary	-	5,040	-	-
Amount arising from balance vested over from a subsidiary	-	-	-	7,614
Provisions made during the financial period/year	51,138	26,330	51,138	23,753
Amount written back in respect of recoveries	(11,042)	(2,934)	(11,042)	(2,934)
Amount written off	(681)	(189)	(679)	(189)
Balance as at end of financial period/year	77,354	37,940	77,354	37,937
<u>Income-in-suspense</u>				
Balance as at beginning of financial period/year	13,025	6,476	12,751	6,229
Income suspended during the financial period/year	40,137	13,272	40,021	13,159
Amount written back in respect of recoveries	(22,709)	(6,701)	(22,673)	(6,615)
Amount written off	(516)	(22)	(516)	(22)
Balance as at end of financial period/year	29,937	13,025	29,583	12,751
(f) OTHER ASSETS				
Others debtors, deposits and prepayment	10,859	7,015	5,437	1,467
Accrued income receivable	2,722	3,129	2,712	3,129
	13,581	10,144	8,149	4,596
(g) DEFERRED TAXATION ASSET				
			Group and Bank	
			31.12.2004	30.6.2003
			RM'000	RM'000
General provision on financing and other advances			-	-
Balance as at beginning of financial period/year			-	-
Credited to income statement			21,179	-
Balance as at end of financial period/year			21,179	-

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(h) DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Non-Mudharabah Funds:				
Demand deposits	861,401	596,632	861,401	596,632
Savings deposits	456,844	362,708	456,843	362,707
Negotiable certificates of deposit ('NCD')	135,793	417,288	135,793	417,288
	1,454,038	1,376,628	1,454,037	1,376,627
Mudharabah Funds:				
Demand deposits	262,272	215,453	262,272	215,453
General investment deposits	1,616,256	2,382,909	1,620,468	2,382,909
Special investment deposits	351,239	472,356	351,239	472,356
	2,229,767	3,070,718	2,233,979	3,070,718
Total deposits	3,683,805	4,447,346	3,688,016	4,447,345
(i) Maturity structure of investment deposits and negotiable certificates of deposit are as follows:				
Due within six months	1,371,058	2,411,995	1,375,270	2,411,995
Six months to one year	589,457	787,303	589,457	787,303
One year to three years	84,346	55,579	84,346	55,579
Three years to five years	58,427	17,676	58,427	17,676
	2,103,288	3,272,553	2,107,500	3,272,553
(ii) The deposits are sourced from the following customers:				
Business enterprises	1,866,787	2,835,188	1,870,999	2,835,188
Individuals	811,372	629,157	811,371	629,156
Others	1,005,646	983,001	1,005,646	983,001
	3,683,805	4,447,346	3,688,016	4,447,345

(i) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	31.12.2004 RM'000	30.6.2003 RM'000
Non-Mudharabah Funds:		
Licensed banks	1,268,988	747,324
Other financial institutions	4,234	18,294
	1,273,222	765,618

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(j) ACCRUALS AND OTHER LIABILITIES

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
Accrued income payable	9,683	15,264	9,692	15,264
Profit equalisation reserve (see below)	4,002	10,972	4,002	10,972
Amount due to Head Office	117,958	122,480	117,958	122,480
Other accruals and payables	11,291	9,184	10,047	7,973
	142,934	157,900	141,699	156,689
Profit equalisation reserve:				
Balance as at beginning of financial period/year	10,972	5,400	10,972	5,400
Amount arising from the acquisition of a subsidiary	-	2,050	-	-
Amount arising from balance vested over from a subsidiary	-	-	-	1,715
Amount transferred out	-	(735)	-	-
Amount provided during the financial period/year	3,480	9,665	3,480	7,900
Amount written back during the financial period/year	(10,450)	(5,408)	(10,450)	(4,043)
Balance as at end of financial period/year	4,002	10,972	4,002	10,972

(k) SKIM PERBANKAN ISLAM FUNDS

Allocated capital funds	187,000	187,000	182,000	182,000
Retained earnings	327,742	192,021	321,279	185,853
	514,742	379,021	503,279	367,853

(l) INCOME FROM SPI OPERATION

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Income derived from investment of funds	320,383	200,336	320,383	183,225
Income attributable to depositors	(170,486)	(110,296)	(170,486)	(100,543)
Income derived from investment of shareholders' funds	40,201	19,212	39,843	17,044
	190,098	109,252	189,740	99,726
Transfer from /(to) profit equalisation reserve	6,970	(4,257)	6,970	(3,857)
	197,068	104,995	196,710	95,869

Income derived from investment of depositors funds
are as follows:

Income derived from investment of:-

(i) Mudharabah deposits	162,873	124,970	162,873	107,930
(ii) Non-Mudharabah deposits	157,510	75,366	157,510	75,295
	320,383	200,336	320,383	183,225

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(I) INCOME FROM SPI OPERATION (CONTINUED)

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
(i) Income derived from investment of Mudharabah deposits				
Income from financing	110,523	72,294	110,523	61,190
Income from investment securities	22,585	16,080	22,585	16,080
Income from dealing securities	18,121	4,974	18,121	4,974
Income from deposits with financial institutions	7,767	4,868	7,767	4,713
	158,996	98,216	158,996	86,957
(Loss)/gain from dealing securities	(2,243)	17,135	(2,243)	11,462
Net gain from sales of investment securities	4,426	8,454	4,426	8,453
Commission	1,694	1,165	1,694	1,058
	162,873	124,970	162,873	107,930
(ii) Income derived from investment of Non-Mudharabah deposits				
Income from financing	106,884	42,734	106,884	42,688
Income from investment securities	21,842	11,218	21,842	11,218
Income from dealing securities	17,524	3,470	17,524	3,470
Income from deposits with financial institutions	7,511	3,289	7,511	3,288
	153,761	60,711	153,761	60,664
(Loss)/gain from sales of dealing securities	(2,170)	8,019	(2,170)	7,996
Net gain from sales of investment securities	4,281	5,897	4,281	5,897
Commission	1,638	739	1,638	738
	157,510	75,366	157,510	75,295
(iii) Income attributable to depositors				
Deposits from customers:				
Mudharabah funds	91,924	71,665	91,924	61,941
Non-mudharabah funds	36,312	19,830	36,312	19,801
Deposits and placements of banks and other financial institutions:				
Mudharabah funds	2,957	1,420	2,957	1,420
Non Mudharabah funds	39,293	17,381	39,293	17,381
	170,486	110,296	170,486	100,543

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(II) INCOME FROM SPI OPERATION (CONTINUED)

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
(iv) Income derived from investment of shareholders' funds				
Income from financing	20,969	8,532	20,849	7,329
Income from investment securities	4,260	1,926	4,260	1,926
Income from dealing securities	3,418	596	3,418	596
Income from deposits with financial institutions	1,703	581	1,465	565
	30,350	11,635	29,992	10,416
(Loss)/gain from sales of dealing securities	(423)	1,987	(423)	1,373
Net gain from sales of investment securities	835	1,013	835	1,013
<u>Fees and commission income:</u>				
Commission	2,095	1,172	2,095	841
Services charges and fees	7,344	3,405	7,344	3,401
	40,201	19,212	39,843	17,044

Profit distribution to depositors is based on the "Framework of Rate of Return ("the Framework")" issued by Bank Negara Malaysia. The Framework is based on the return on assets concept, calculating the income from each asset. The return on assets after deducting incidental expenses and allowances for losses for financing and advances are distributed to the depositors using the weighted average method.

(m) FINANCING LOSS AND PROVISION

	Group		Bank	
	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 30.6.2003 RM'000
Provision for bad and doubtful financing:				
- specific provision (net)	40,096	23,396	40,096	20,819
- general provision	23,131	5,926	23,148	6,301
	63,227	29,322	63,244	27,120
Provision for impairment in value on amount recoverable from Danaharta	-	79	-	79
Amount recovered	(74)	-	(73)	-
	63,153	29,401	63,171	27,199

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(n) OVERHEAD EXPENSES

	Group		Bank	
	18 months period ended 31.12.2004	12 months year ended 30.6.2003	18 months period ended 31.12.2004	12 months year ended 30.6.2003
	RM'000	RM'000	RM'000	RM'000
Personnel cost	12,334	6,670	12,258	5,849
Establishment cost	2,896	1,445	2,896	1,442
Marketing expenses	1,191	417	1,191	417
Administration and general expenses	2,949	1,546	2,947	1,179
	19,370	10,078	19,292	8,887
Personnel cost comprise of the following:				
Wages, salaries and bonus	9,690	5,066	9,614	4,363
Defined contribution plan '(EPF)'	1,560	782	1,560	694
Other personnel cost	1,084	822	1,084	792
	12,334	6,670	12,258	5,849

(o) TAXATION

	Group and Bank	
	18 months period ended 31.12.2004	12 months year ended 30.6.2003
	RM'000	RM'000
Deferred taxation (Note g)	21,179	–

(p) CAPITAL ADEQUACY

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
<u>Tier I Capital</u>				
Allocated capital funds	187,000	187,000	182,000	182,000
Other reserves	327,742	192,021	321,279	185,853
Deferred tax assets	(21,179)	–	(21,179)	–
Total Tier I capital	493,563	379,021	482,100	367,853
<u>Tier II Capital</u>				
General provision for bad and doubtful financing	75,659	52,528	75,639	52,491
Total Tier II capital	75,659	52,528	75,639	52,491
Total capital base	569,222	431,549	557,739	420,344
<u>Capital ratios</u>				
Core capital ratio	12.5%	11.2%	12.2%	10.9%
Risk-weighted capital adequacy ratio	14.4%	12.7%	14.2%	12.4%

Notes to the financial statements

FOR THE FINANCIAL PERIOD 1 JULY 2003 TO 31 DECEMBER 2004

44 ISLAMIC BANKING (CONTINUED)

(p) CAPITAL ADEQUACY (CONTINUED)

	Group		Bank	
	31.12.2004 RM'000	30.6.2003 RM'000	31.12.2004 RM'000	30.6.2003 RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:				
0%	-	-	-	-
10%	9,575	16,700	9,575	16,700
20%	95,833	189,612	94,581	188,543
50%	555,596	468,368	555,268	468,237
100%	3,278,124	2,717,145	3,277,267	2,715,745
	3,939,128	3,391,825	3,936,691	3,389,225

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

(q) COMMITMENTS AND CONTINGENCIES

Risk weighted exposures of the Group and the Bank are as follows:

	31.12.2004		30.6.2003	
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000
Direct credit substitutes	-	-	52,700	52,700
Transaction-related contingent items	116,013	58,007	70,817	35,408
Short-term self-liquidating trade-related contingencies	97,146	19,429	32,238	6,448
Assets sold with recourse and commitment with drawdown	54,080	54,080	57,925	57,925
Irrevocable commitment to extend credit:				
- maturity more than one year	187,961	93,981	355,727	177,864
- maturity less than one year	938,178	-	821,677	-
Miscellaneous	16,195	-	16,195	-
Total	1,409,573	225,497	1,407,279	330,345

(r) DISCLOSURE OF SHARIAH ADVISOR

The Bank has engaged the services of a Shariah Advisory Council which comprise of four qualified Shariah professionals. The main duties and responsibilities of the Shariah Advisory Council is to provide consultancy service on the conformance with Shariah principles in the areas of:

- (i) Bank's practice/operations/legal documentation
- (ii) New product proposals
- (iii) Theme/mode/media/message in advertising/promotional activities
- (iv) Computation of zakat
- (v) Roadshows conducted in selected areas on 'as-need' basis.

Statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Ali Bin Hassan and Abdullah Mat Noh, being two of the directors of RHB Bank Berhad state that, in the opinion of the directors, the financial statements set out on pages 47 to 140 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2004 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

On behalf of the Board in accordance with a resolution of the Board of Directors date 26 February 2005.

DATO' ALI BIN HASSAN
CHAIRMAN

ABDULLAH MAT NOH
DEPUTY CHAIRMAN

Kuala Lumpur

Statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Rupert Koh Hock Joo, the officer primarily responsible for the financial management of RHB Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 140 are, in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

RUPERT KOH HOCK JOO

Subscribed and solemnly declared by the abovenamed Rupert Koh Hock Joo at Kuala Lumpur in Wilayah Persekutuan on before me :

COMMISSIONER FOR OATHS

Kuala Lumpur

Report of the auditors

TO THE MEMBERS OF RHB BANK BERHAD

We have audited the financial statements set out on pages 47 to 140. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965, the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Bank as at 31 December 2004 and of the results and cash flows of the Group and the Bank for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Bank and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in note 11 of the financial statements. We have considered the financial statements of these subsidiaries and the auditor's reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF-1146)

Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI

(No. 2025/03/06 (J))

Partner of the firm

Kuala Lumpur

26 February 2005

RHB Bank branches

KLANG VALLEY SOUTH RCB (CONSUMER)

Regional Consumer Banking Head:
Mohd Zainal Bong Abdullah
(03-92061657)

1. **Ampang Point**
37 & 38, Jalan Memanda 7
Taman Dato' Ahmad Razali
Jalan Ampang
68000 Ampang, Selangor
Roslina Mohamad
Branch Manager (03-4251 1271)
Tel : (03) 4252 1753, 4252 1907
Fax : (03) 4252 1898
2. **Bahau**
Ground & First Floor
Lot 982 & 983, Wisma UMNO Jempol
Jalan Gurney
72100 Bahau, Negeri Sembilan
Deo Lee Yeon
Branch Manager (06-454 2722)
Tel : (06) 454 1305
Fax : (06) 454 4015
3. **Bandar Baru Ampang, Selangor**
27G – 29G Ground Floor &
29A First Floor,
Jln Wawasan Ampang 2/3
Bandar Baru Ampang
68000 Ampang, Selangor
Mohd Rawi B. Idrus
Branch Manager (03-4270 2059)
Tel : (03) 4270 2069, 4270 2068
Fax : (03) 4270 2060
4. **Bandar Baru Nilai**
PT 7460 & 7461
Jalan Bandar Baru Nilai 1/1A
Putra Point, Bandar Baru Nilai
71800 Nilai, Negeri Sembilan
Hashimah Bt Muyop
Branch Manager (06-799 6028)
Tel : (06) 794 1015, 1006, 1007
(06) 794 1008, 1009, 1010, 1011
Fax : (06) 799 6095
5. **Jenjarom**
M38 & M39, Sungai Jarom
42600 Jenjarom, Selangor
Ahmad Rifai Ibrahim
Branch Manager (03-3191 3477)
Tel : (03) 3191 3422, 3191 3433
Fax : (03) 3191 4328
6. **Kajang**
25, Jalan Raja Harun
Taman Hijau
43000 Kajang, Selangor
Siew Kong Hon
Branch Manager (03-8736 2050)
Tel : (03) 8736 0599, 8736 0177
Fax : (03) 8733 8570
7. **KLIA**
Unit 2A & 2B Block D3, Jalan KLIA S3
Southern Common Facilities
KLIA Selatan
64000 Kuala Lumpur International
Airport
Selangor
Adilah Binti Alias
Branch Manager (03-8787 4800)
Tel : (03) 8787 4799, 8787 4801
Fax : (03) 8787 4802
8. **Mines Shopping Fair, Selangor**
G20, The Mines Shopping Fair
Jalan Dulang, Off Jalan Balakong
Mines Resort City
43300 Seri Kembangan, Selangor
Rosman Mohd Kassim
Branch Manager (03-8942 5195)
Tel : (03) 8942 5055, 8942 5157
Fax : (03) 8942 5218
9. **Pandan Indah, Selangor**
Ground & Mezzanine Floor
7 & 9, Jalan Pandan Indah 4/2
55100 Pandan Indah, Selangor
Musa Hj Yusof
Branch Manager (03-4295 6339)
Tel : (03) 4295 0981, 4295 2260
Fax : (03) 4295 7127
10. **Kuala Pilah**
Lots P.T. 9 & 10, Jalan Melewar
72000 Kuala Pilah, Negeri Sembilan
Mohd Basir Bin Mohd Ibrahim
Branch Manager (06-481 3995)
Tel : (06) 481 1442, 1513,
Fax : (06) 481 6478
11. **Putrajaya (Precinct 8)**
Blok C – T.00 – U.02 & U.03
1, Jalan P 8 D
62250 Putrajaya
Zuraini Bt Ahmad
Branch Manager (03-8889 1008)
Tel : (03) 8889 2546, 8889 2548, 8889
2549
Fax : (03) 8889 2900
12. **Rantau**
158 & 159, Jalan Besar
71200 Rantau
Negeri Sembilan
Nor Azri Bin Haji Zaimardzuki
Branch Manager (06-694 4042)
Tel : (06) 694 1969, 694 1589
Fax : (06) 694 2690
13. **Rasah Jaya**
677 – 678
Jalan RJ 1/6
Rasah Jaya
70300 Seremban, Negeri Sembilan
Mohamad Noor Baharudin
Branch Manager (06-631 2333)
Tel : (06) 631 2869, 631 2868, 631 2892
Fax : (03) 631 4433
14. **Salak South, KL**
178 – 180, Main Street
Salak South
57100 Kuala Lumpur
Wong Sou Lee
Branch Manager (03-7983 6804)
Tel : (03) 7983 9177, 9458, 9306
Fax : (03) 7981 3357
15. **Seremban**
10 & 11, Jalan Dato' Abdul Rahman
70000 Seremban, Negeri Sembilan
Maimunah Binti Nordin
Branch Manager (06-762 3023)
Tel : (06) 763 8623, 8555, 762 5249
Fax : (06) 762 0192

including:-
Giant Senawang (Service Center)
Lot B24 – B44,
Giant Hypermarket Senawang
1571, Jalan Senawang
70450 Senawang, Negeri Sembilan
Mak Choe Kong
OIC: (06-678 1318)
Tel : (06) 678 1320, 678 1373
Fax : (06) 678 1477
16. **Seri Kembangan, Selangor**
Lot 1484A & B, Jalan Besar
43300 Seri Kembangan, Selangor
Poon Bak Kian
Branch Manager (03-8943 9271)
Tel : (03) 8943 1455, 8943 1357, 0276
Fax : (03) 8943 0441

RHB Bank branches

17. **Simpang Pertang**
42 & 43, Taman Sri Pertang
72300 Simpang Pertang, N Sembilan
Anuar Bin Ariffin
Branch Manager (06-492 9550)
Tel : (06) 492 9520, 492 9550
Fax : (06) 492 9190
 18. **Sungai Pelek**
76 & 77, Jalan Besar
43950 Sungai Pelek, Selangor
Chun Chun An @ Cheng Chun An
Branch Manager (03-3141 1385)
Tel : (03) 3141 1176, 3141 1394
Fax : (03) 3141 1100
 19. **Taman Indah, Selangor**
7 & 9, Jalan SS 2/1
Off Jalan Balakong
Taman Indah, Batu 11
43200 Cheras, Selangor
Lee @ Lye Sai Wai
Branch Manager (03-9074 0999)
Tel : (03) 9074 0998, 9074 0997
Fax : (03) 9074 1344
 20. **Taman Midah, KL**
18 & 20, Jalan Midah Satu
Taman Midah
56000 Kuala Lumpur
Tan Ka Yau
Branch Manager (03-9133 2407)
Tel : (03) 9131 2826, 9131 2898
Fax : (03) 9130 0588
 21. **Taman Permata, Selangor**
Lot 6 & 7, Ground Floor
Giant Hypermarket Complex
Jalan Changkat Permata,
Tmn Permata
53300 Selangor
Rosmah Abu Bakar
Branch Manager (03-4106 9902)
Tel : (03) 4106 9726, 9308, 9832
Fax : (03) 4106 9810
 22. **Taman Shamelin, KL**
38-1-5, Shamelin Business Center
Jalan 4/91, Taman Shamelin Perkasa,
56100 Kuala Lumpur
(Located right in front of the existing
premise.)
Azizi Md Tahir
Branch Manager (03-9282 7381)
Tel : (03) 9282 7385, 7386, 7382
Fax : (03) 9282 7380
 23. **Taman Sungai Besi, KL**
30, Ground & First Floor
Jalan 7/108C
Taman Sungai Besi
57100 Kuala Lumpur
Ooi Bee Buan
Branch Manager (03-7983 8163)
Tel : (03) 7983 2105, 2794, 7984 3014,
3016
Fax : (03) 7981 8875
 24. **Taman Suntex, Selangor**
5 & 6, Jalan Kijang 1
Taman Suntex, Batu 9
43200 Cheras, Selangor
Lee Meng Hong
Branch Manager (03-9075 6506)
Tel : (03) 9074 7888, 9074 7804
Fax : (03) 9074 7879
 25. **Taman Taming Jaya, Selangor**
1, Jalan Taming Kanan 2
Taman Taming Jaya
43300 Balakong, Selangor
Tan Swee Fock
Branch Manager (03-8961 1193)
Tel : (03) 8961 1194, 8961 1195
Fax : (03) 8961 1197
 26. **Tanjung Sepat**
1 & 3, Jalan Senangin Satu
Taman Tanjung
P. O. Box No 201
42809 Tanjung Sepat, Selangor
Ting Tin Meng
Branch Manager (03-3197 3116)
Tel : (03) 3197 4035, 3197 4235, 4788
Fax : (03) 3197 4568
 27. **Putrajaya Precinct 2
(wef 08-03-2004)**
G-1, Blok 2
Menara PjH
Precinct 2
62100 Wilayah Persekutuan Putrajaya
Shafik Bin Yusof
Branch Manager (03-8888 0260)
Tel : (03) 8889 2676, 8889 3395
Fax : (03) 8888 9796
- KLANG VALLEY CENTRAL RCB
(CONSUMER)**
Regional Consumer Head:
Andrew Loh (03-92061708)
1. **'1' Utama, Petaling Jaya**
Lot F38 & F39 (1st Floor)
'1' Utama Shopping Centre,
Lebuh Bandar Utama
47800 Petaling Jaya, Selangor
Tan Kim Soon
Branch Manager (03-7728 3502)
Tel : (03) 7728 3454, 7728 3470
Fax : (03) 7728 3496
 2. **11,13 & 15, Jalan Niaga, Shah Alam**
11, 13 & 15, Jalan Niaga 16/3A
Section 16
40000 Shah Alam, Selangor
Wan Sharifudin Mohamed
Branch Manager (03-5519 1875)
Tel : (03) 5510 3131 / 3135 / 6289 /
3931 / 3849
Fax : (03) 5519 6166
 3. **48-50, Jalan SS15/4D, Subang Jaya**
Lot 48 – 50 Jln SS15/4D
Subang Jaya
47500 Selangor
Yap Chong Poh
Branch Manager (03-5634 4980)
Tel: (03) 5634 4970 / 5634 4976
Fax: (03) 56344848
 4. **Bandar Baru Sungai Buloh**
391 & 392, Jalan 1A/1
Bandar Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Chin Ai Ling
Branch Manager (03-6156 8063)
Tel : (03) 6156 1712 / 1713 / 1711 /
4034 / 5707
Fax : (03) 6156 7803
 5. **Bandar Sri Damansara**
1 & 2, Jalan Tanjung SD 13/1
52200 Bandar Sri Damansara, Selangor
Noridah Bt Abdul Samad
Branch Manager (03-6274 6931)
Tel : (03) 6274 5287, 6274 5532, 6274
5576
Fax : (03) 6274 2917

RHB Bank branches

6. **Damansara Jaya**
22 & 24, Jalan SS 22/25
Damansara Jaya
47400 Petaling Jaya, Selangor
Lancelot Maurice De Souza
Branch Manager (03-7726 5109)
Tel : (03) 7729 5132, 7729 5137 & 7729 3853
Fax : (03) 7729 9169
7. **Desa Tunku, Petaling Jaya**
54A & 54B, Jalan SS 1/22
Kampung Tunku
47300 Petaling Jaya, Selangor
Mashhudi Bin Mashud
Branch Manager (03-7875 0490)
Tel : (03) 7875 0080, 7875 0452
Fax : (03) 7875 0407
8. **IOI Mall, Puchong**
Lot G18A (Ground Floor), IOI Mall
Batu 9, Jalan Puchong
Bandar Puchong Jaya
47100 Puchong, Selangor
How Heng Hock
Branch Manager (03-5882 0876)
Tel : (03) 5882 0870 / 0874 / 0875 / 0879
Fax : (03) 5882 0871
- including:-
TESCO PUCHONG (Service Centre)
Lot 4A, Tingkat 1
Tesco Puchong, Jalan Bandar 3
Pusat Bandar Puchong
47100 Selangor
Mohd Khair B. Buyong (OIC)
Tel : (03) 8075 7980, 8075 8196
Fax : (03) 80758361
9. **Jalan Meru, Kelang**
147 & 149
1 1/2 Miles, Jalan Meru
41050 Kelang, Selangor
Rahim Kamaruddin
Branch Manager (03-3344 2752)
Tel : (03) 3344 2751, 3344 2750
Fax : (03) 3344 2755
10. **Jalan SS21/39, Damansara Utama**
2M & 2G Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya, Selangor
Vacant
Branch Manager
Tel : (03) 7726 2306, 7726 2307 & 7726 2308
Fax : (03) 7726 2305
11. **Jalan Stesen, Kelang**
24 & 26, Jalan Stesen
41000 Kelang, Selangor
Kok Nam Et
Branch Manager (03-3372 2937)
Tel : (03) 3371 9669, 3371 9652, 3372 7242
Fax : (03) 3372 9613
12. **Jln T. Amp Zabedah, Shah Alam**
16 & 18, Ground & First Floor
Jln T. Amp Zabedah D9/D, Section 9
40100 Shah Alam, Selangor
Mohd Zol Bin Md Yasin
Branch Manager (03-5510 0529)
Tel : (03) 5510 0559, 5511 4127 / 4128 & 5512 9829
Fax : (03) 5513 1834
- including:-
Giant Shah Alam (Service Center)
Lot B26 – B27
Giant Hypermarket, Shah Alam
2, Persiaran Sukan, Seksyen 13
40100 Shah Alam, Selangor
Anita A/P R. Neelankandan
OIC- (03-5511 1515)
Tel : (03) 5511 9085
Fax : (03) 5512 8899
13. **Kampung Baru Sungai Buloh**
25, Jalan Public
Kampung Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Thoo Chiong Hock
Branch Manager (03-6156 9030)
Tel : (03) 6156 9301, 6156 9302 & 6156 9344
Fax : (03) 6156 8645
14. **Meru**
1, Lorong Pepauh 1A
Taman Pekan Meru
41050 Kelang, Selangor
Azli Hanef
Branch Manager (03-3392 4498)
Tel : (03) 3392 4501, 3392 4502 & 3392 4503
Fax : (03) 3392 4504
15. **New Town, Petaling Jaya**
1, 3 & 5, Jalan 52/18
New Town Centre
46200 Petaling Jaya, Selangor
Idris Abdul Aziz
Branch Manager (03-7955 5188)
Tel : (03) 7956 9611, 7956 9612 & 7956 1994
Fax : (03) 7957 8984
16. **Persiaran Sultan Ibrahim, Kelang**
33, Persiaran Sultan Ibrahim
41300 Kelang, Selangor
Tan Kok Hua
Branch Manager (03-3344 2319)
Tel : (03) 3342 0433, 3342 0434, 3342 0435
Fax : (03) 3342 9145
17. **Section 14, Petaling Jaya**
1, Jalan 14/20
46100 Petaling Jaya, Selangor
Abd Latiff Bin Mohd Tahir
Branch Manager (03-7955 1168)
Tel : (03) 7957 4742, 7957 4460
Fax : (03) 7955 6219
18. **Port Klang**
Persiaran Raja Muda Musa
42000 Pelabuhan Kelang, Selangor
Gunasekaran Raghavan
Branch Manager (03-3167 3333)
Tel : (03) 3168 7142 / 7143 / 0337 / 0349/
Tel : (03) 3165 6720
Fax : (03) 3166 1351
(Ground Floor – Operations)
Fax : (03) 3167 6533
(1st Floor – Remittances)
- including:-
Giant Bukit Tinggi, (Service Centre)
(Formerly Pandamaran Branch)
Lot A22 & A2, Persiaran Batu Nilam
Bandar Bukit Tinggi 1
Jalan Langat
41200 Kelang
Mohd Hassan B K E Mohd Maideen
OIC & Sales
Tel : (03) 3323 6682, 6684 & 7278
Fax No. (Sales): (03) 3323 7957
Operations
Tel: (03) 3324 1892, 3324 3581
Fax No. (Operations): (03) 3324 9869
19. **SS2, PJ**
157 & 159, Jalan SS2/24
Sg Way / Subang
47300 Petaling Jaya, Selangor
Rohani Abdul Talib
Branch Manager (03-7875 3103)
Tel : (03) 7875 3724 / 7895 / 3259 , 7874 2994
Fax : (03) 7875 6600

RHB Bank branches

including:-

Giant Kelana Jaya (Service Centre)

(25-3-2004)

Lot F1, F2 and F3

Tingkat 1

Giant Hypermarket

No. 33 Jalan SS 6/12

SS 6 Kelana Jaya

47301 Petaling Jaya, Selangor Darul Ehsan

Wan Badi'ah Bt Wan Omar

Branch Manager (03-7804 3855)

Tel : (03) 7804 3658

Fax : (03) 7804 4048

20. **Taman Kinrara, Puchong**

4, 5 & 6, Jalan TK 1/11A

Taman Kinrara, Section 1

Batu 7½, Jalan Puchong

47100 Puchong, Selangor

Ainaridar Bt Abdullah

Branch Manager (03-8070 5273)

Tel : (03) 8070 5275, 8070 5300 &

8070 5303

Fax : (03) 8070 5272

21. **Taman Megah, Petaling Jaya**

11 – 15, Jalan SS 24/11

Taman Megah

47301 Petaling Jaya, Selangor

Noran Abdul Rahman

Branch Manager (03-7804 6133)

Tel : (03) 7804 1258 / 7481 / 7090 / 9040

Fax : (03) 7804 1629

22. **Tanjong Karang**

Lot 1 & 3, Jalan Satu

Taman Tanjong Karang Baru

45500 Tanjong Karang, Selangor

Ridzuan Bin Ahmad

Branch Manager (03-3269 1812)

Tel : (03) 3269 5039, 3269 8171,

3269 1812

Fax : (03) 3269 8078

23. **UEP Subang Jaya**

47 & 49, Jalan USJ 10/1

UEP Subang Jaya

47620 Petaling Jaya, Selangor

Zamri B. Zainal

Branch Manager (03-5637 3596)

Tel : (03) 5637 3592 / 3593 / 3594

Fax : (03) 5637 3941

**KLANG VALLEY NORTH RCB
(CONSUMER)**

Regional Consumer Banking Head

Md Said Md Dom (03-92061702)

1. **53 & 55, Pasar Borong, Selayang, KL**

53 & 55, Jalan 2/3A

Off KM 12, Jalan Ipoh

68100 Batu Caves, Kuala Lumpur

Sukor Mohamed

Branch Manager (03-6136 3676)

Tel : (03) 6136 3284, 6136 3169,

6136 8975

Fax : (03) 6136 3243

2. **75 Jalan Tun H.S. Lee, KL**

75, Jalan Tun H.S. Lee

50000 Kuala Lumpur

Tan Cheng Yam

Branch Manager (03-2078 3576)

Tel : (03) 2070 0233, 2072 7645,

2072 5633

Fax : (03) 2072 7591

3. **Bangsar Baru, KL**

48 & 50

Ground Floor

Jalan Maarof, Bangsar Baru

59100 Kuala Lumpur

Sheng Yuet Meng

Branch Manager (03-2282 9182)

Tel : (03) 2282 5486, 2282 3862,

2282 5551

Fax : (03) 2282 5571

4. **Bangsar Shopping Complex, KL**

G129 Ground Floor

Bangsar Shopping Centre

285, Jalan Ma'arof

Bangsar, 59100 Kuala Lumpur

Foong Miew Wan

Branch Manager (03-2284 6873)

Tel : (03) 2284 6870, 2284 6872,

2284 6875

Fax : (03) 2284 6896

5. **Damansara Heights, KL**

Lots C9 – C12, Block C

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Mohd Shuaimi Bin Mohd Kurdi

Branch Manager (03-2096 2402)

Tel : (03) 2095 7068, 2095 7069,

2095 7088

Fax : (03) 2093 7515

6. **Desa Sri Hartamas, KL**

6, Jalan 24/ 70A

Desa Sri Hartamas

50480 Kuala Lumpur

Margaret Foong Yoon Har

Branch Manager (03-2300 2356)

Tel : (03) 2300 2360, 2300 1754

Fax : (03) 2300 2358

7. **Jalan Bukit Bintang, KL**

58 – 60, Jalan Bukit Bintang

55100 Kuala Lumpur

Wong Ah Chee

Branch Manager (03-2143 1858)

Tel : (03) 2142 3396, 2142 4051,

2148 7031

Fax : (03)2142 1448

8. **Jalan Imbi, KL**

173-175, Jalan Imbi

55100 Kuala Lumpur

Liow Siew Cheng

Branch Manager (03-2141 2064)

Tel : (03) 2142 3526, 2142 3605,

2143 0820, 2143 3658

Fax : (03) 2141 4624

9. **Jalan Ipoh, KL**

14 – 16, Jalan Ipoh

51200 Kuala Lumpur

Syed Othman Syed Zain

Branch Manager (03-4041 2429)

Tel : (03) 4042 8068, 4042 8601,

4042 2573

Fax : (03) 4041 1411, 4043 0653

10. **Jalan Maharajalela, KL**

Unit 1, Ground Floor

Bangunan Cheong Wing Chan

41 – 51, Jalan Maharajalela

50150 Kuala Lumpur

Mehiran Ismail

Branch Manager (03-2274 9861)

Tel : (03) 2274 9820, 2274 0475,

2273 0993

Fax : (03) 2274 9843

including:-

KL Sentral (Service Center)

Unit 7, Level 1 (Arrival Hall)

City Air Terminal

KL Sentral Station

50470 Kuala Lumpur

OIC – Muralitharan A/L Rahman

Tel : (03) 2273 5000

Fax : (03) 2274 7000

RHB Bank branches

11. **Jalan Pasar, KL**
50 – 52, Jalan Pasar
55100 Kuala Lumpur
Goh Sing Min
Branch Manager (03-2141 7313)
Tel : (03) 2141 4167, 2148 8967
Fax : (03) 2142 8390
12. **Jalan Tun Perak, KL**
19 & 21, Mezzanine Floor
Jalan Tun Perak
50050 Kuala Lumpur
Mohd Dan Bin Che Embee
Branch Manager (03-2072 7898)
Tel : (03) 2072 3677, 2072 1276
2072 3676
Fax : (03) 2070 7807
13. **Jinjang Utara, KL**
3472 & 3473, Jalan Besar
Jinjang Utara
52000 Kuala Lumpur
Chua Kan Chai
Branch Manager (03-62589757)
Tel : (03) 6257 7053, 6257 7808
Fax : (03) 6252 7158
14. **Kepong, KL**
321, Batu 7
Jalan Kepong
Kepong Baru
52100 Kuala Lumpur
Gan Boon Aun
Branch Manager (03-6274 1062)
Tel : (03) 6274 0022, 6274 0593,
6274 0463
Fax : (03) 6274 8615, 6272 6521
15. **KLCC**
Lot G 34, Ground Level
Petronas Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Chan Chew Ling
Branch Manager (03-2164 4350)
Tel : (03) 2164 4423, 2164 4125 / 128
Fax : (03) 2164 6213
16. **Kuala Lumpur Main**
Level 1, Tower Two
RHB Centre
426, Jalan Tun Razak
50400 Kuala Lumpur
Hashim Bin Hassan
Branch Manager (03-9280 7154)
Tel : (03) 9280 6011, 9280 6006,
9280 6010
Fax : (03) 9287 4173
17. **Menara Tun Razak, KL**
Ground Floor, Block Annexe
Menara Tun Razak
Jalan Raja Laut Sambungan
50350 Kuala Lumpur
Affandi Bin Ghazali
Branch Manager (03-2692 3319)
Tel : (03) 2693 3249, 2693 3392, 3516,
3124
Fax : (03) 2693 6605
18. **Mid Valley, KL**
17-G and 17-1, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Rosli Ahmad
Branch Manager (03-2284 6397)
Tel : (03) 2284 4339, 2284 4360,
2284 4353
Fax : (03) 2284 4350
19. **Overseas Union Garden, KL**
112 & 114, Jalan Mega Mendung
Bandar Complex, Batu 4½
Jalan Kelang Lama
58200 Kuala Lumpur
Lok Kai Chee
Branch Manager (03-7984 6957)
Tel : (03) 7983 9863, 7983 9864,
7983 9861
Fax : (03) 7980 8081
20. **Plaza OSK, KL**
Ground and Mezzanine Floor
Podium Block, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Ho How Sing
Branch Manager (03-2164 4315)
Tel : (03) 2164 4326, 2164 4315,
2164 4339
Fax : (03) 2161 2972, 2164 3679
- including:-
Ampang Park (Sales Kiosk)
114 – 116, Ampang Park Complex
Jalan Ampang
50450 Kuala Lumpur
Zaimie Bt Mohd Ghouse
OIC (03-2164 4348)
Tel : (03) 2163 2121
Fax : (03) 2162 1479
21. **President House, KL**
No. 54 Ground Floor
Jalan Sultan Ismail
50250 Kuala Lumpur
Norhayati Binti Ariffin
Branch Manager (03-2144 3733)
Tel : (03) 2144 6311, 2144 3731
Fax : (03) 2144 0845
22. **Rawang**
Ground, First & Second Floor
10 & 11, Jalan Maxwell
48000 Rawang, Selangor
Ragini A/P Nadarajan
Branch Manager (03-6092 5752)
Tel : (03) 6092 5035, 6092 5036
Fax : (03) 6092 4788
23. **Segambut, KL**
42 & 42A, Jalan Segambut Tengah
Segambut, 51200 Kuala Lumpur
Kashnor Suppian
Branch Manager (03-6257 5604)
Tel : (03) 6257 8777, 6257 8999,
6257 6888
Fax : (03) 6252 2801
24. **Setapak, KL**
257 & 259, Jalan Genting Kelang
53300 Setapak Kuala Lumpur
Mustaffa Hj Mohd Raji
Branch Manager (03-4023 7492)
Tel : (03) 4023 7444, 4023 7476,
4025 4905
Fax : (03) 4024 1353
25. **Taman Sri Selayang, Selangor**
19, Taman Sri Selayang
68100 Batu Caves, Selangor
Zaleha Hj Md Salleh
Branch Manager (03-6185 3925)
Tel : (03) 6189 9912, 6189 9910,
6189 9913
Fax : (03) 6187 6793
26. **Taman Tun Dr. Ismail, KL**
15 & 17, Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Mahhizon Bt Mahazan
Branch Manager (03-7726 4303)
Tel : (03) 7722 1284, 7726 8995
Fax : (03) 7729 4077

RHB Bank branches

27. **Wisma UOA**
Unit 50-G-02, Wisma UOA Damansara
50 Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Kamariah Abdul Rahim
Branch Manager (03-2094 9229)
Tel : (03) 2094 9840, 2094 2643
Fax : (03) 2094 9107

NORTHERN RCB (CONSUMER)

Regional Consumer Banking Head:
Ng Lek Keah (04-390 9110)

1. **2784 & 2785, Jln Chain Ferry, Prai**
Ground Floor, 2784 & 2785,
Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Pulau Pinang
Baharuddin Bin Rabu
Branch Manager (04-390 9254)
Tel : (04) 390 9255, 390 9257
Fax : (04) 390 3976

2. **Ayer Itam**
15, Jalan Pasar
11500 Ayer Itam, Pulau Pinang
Tan Hooi Hwa
Branch Manager (04-828 3555)
Tel : (04) 828 3522, 828 5168
Fax : (04) 828 8554

3. **Bayan Baru**
42 A, B, C, Jalan Tengah
11950 Bayan Baru, Pulau Pinang
Ooi Lay Pheng
Branch Manager (04-642 1885)
Tel : (04) 642 1880, 642 1882
Fax : (04) 642 1884

4. **Bukit Mertajam**
1244 & 1246, Jalan Padang Lallang
Taman Desa Damai
14000 Bukit Mertajam, Pulau Pinang
Tan Hoay Yam
Branch Manager (04-537 5089)
Tel : (04) 539 1171, 539 1176
Fax : (04) 539 4148

5. **Burmah House, Penang**
Ground & Mezzanine Floor
Suite G-02, Burmah House
405, Jalan Burmah, Pulau Tikus
10350 Pulau Pinang
Chin Choong Fee
Branch Manager (04-227 4362)
Tel : (04) 227 4367, 227 4364
Fax : (04) 227 4361

6. **Jalan Raja Uda, Penang**
Ground & Mezzanine Floor
6957 & 6958, Jalan Raja Uda
Raja Uda Light Industrial Park
12300 Butterworth, Pulau Pinang
Tan Lai Seng
Branch Manager (04-332 4841)
Tel : (04) 332 4937, 332 4860
Fax : (04) 332 4946

7. **Jalan Raya, Kulim**
44 & 45, Jalan Raya
09000 Kulim, Kedah
Ghazali Bin Jamaludin
Branch Manager (04-490 3876)
Tel : (04) 490 7642, 490 6641
Fax : (04) 490 1642

8. **Jalan Tunku Ibrahim, Alor Setar**
1519, Jalan Tunku Ibrahim
P.O. Box No. 3
05700 Alor Setar, Kedah
Hasmah Bt Jusoh
Branch Manager (04-731 8385)
Tel : (04) 731 6066, 731 6144
Fax : (04) 733 3843

9. **Jelutong**
112 & 114, Jalan Tan Sri Teh Ewe Lim
11600, Pulau Pinang
Pathumanathan S/O Shunmugam
Branch Manager (04-282 6928)
Tel : (04) 282 6922, 282 6921
Fax : (04) 282 6930

10. **Kangar**
41 & 43, Persiaran Jubli Emas
Taman Suriani,
01000 Kangar, Perlis
Muhammad Asri Bin Mohd Zain
Branch Manager (04-977 6869)
Tel : (04) 977 6864, 977 6867
Fax : (04) 977 6863

11. **Padang Serai**
11 & 12, Lorong Berkat Satu
Taman Berkat
09400 Padang Serai, Kedah
Suthakaran A/L P Sivalingam
Branch Manager (04-485 5950)
Tel : (04) 485 5951, 485 5952
Fax : (04) 485 0982

12. **Pulau Langkawi**
13 & 15, Jalan Pandak Mayah Satu
07000 Langkawi, Kedah
Mohd Yusof Bin Othman
Branch Manager (04-966 8524)
Tel : (04) 966 7511, 966 7512
Fax : (04) 966 7513

13. **Sungai Bakap**
1433-1434, Jalan Besar
Sungai Bakap, Seberang Prai Selatan
14200 Sungai Jawi, Pulau Pinang
Lee Kok Keing
Branch Manager (04-582 3600)
Tel : (04) 582 3629, 582 3594
Fax : (04) 582 3580

14. **Sungai Dua**
4H & 4J, Desa Universiti Comm Complex
Jalan Sungai Dua
11700 Gelugor, Pulau Pinang
Makrai Bin Manichan
Branch Manager (04-658 5604)
Tel : (04) 658 5617, 658 5620
Fax : (04) 658 5609

15. **Taman Pekan Baru, Sg Petani**
104, 105 & 106, Jalan Pengkalan
Tmn Pekan Baru, Sg Petani Baru
08000 Sungai Petani, Kedah
Sim Wee Lee
Branch Manager (04-423 8766)
Tel : (04) 421 8105, 421 0786
Fax : (04) 421 3401

16. **Butterworth**
6774, 6775 & 6776, Jalan Kg Gajah
12200 Butterworth, Pulau Pinang
Tiong Chong Beng
Branch Manager (04-331 5869)
Tel : (04) 331 5871, 331 5872
Fax : (04) 332 3328

17. **Chai Leng Park, Prai**
1286 & 1287, Jalan Baru
Chai Leng Park
13700 Prai, Pulau Pinang
Ong Ai Hou
Branch Manager (04-399 7624)
Tel : (04) 390 5866, 390 5867
Fax : (04) 390 6889

18. **Jalan Bakar Arang, Sungai Petani**
27 & 28, Jalan Bakar Arang
08000 Sungai Petani, Kedah
Soffiah Bt Yakob
Branch Manager (04-425 5776)
Tel : (04) 422 2151, 422 2152
Fax : (04) 421 6632

19. **Kuala Kedah**
Ground & First Floor
262 & 263, Block C, Bangunan Peruda
06600 Kuala Kedah, Kedah
Azihari Bin Adnan
Branch Manager (04-762 5392)
Tel : (04) 762 5367, 762 5366
Fax : (04) 762 5393

RHB Bank branches

20. **Lebuh Pantai, Penang**
44, Lebuh Pantai
Georgetown, 10300 Pulau Pinang
Poh Kean Wah
Branch Manager (04-261 1106)
Tel : (04) 262 1144, 262 1109
Fax : (04) 261 8019
21. **Mergong, Alor Setar**
97J, Seberang Jalan Putra
05150 Alor Setar, Kedah
Lee Kok Keing
Branch Manager (04-733 9278)
Tel : (04) 733 9279, 733 9304
Fax : (04) 731 6059
22. **Taman Semarak, Kulim**
43, Lorong Semarak 1
Taman Semarak
09000 Kulim, Kedah
Mohd Ramalan Bin Alwi
Branch Manager (04-491 5915)
Tel : (04) 491 5912, 491 5913
Fax : (04) 491 5916
- JOHOR RCB (CONSUMER)**
Regional Consumer Banking Head
Chang Chee Keong (07-3864734)
1. **Jalan Bandar, Pasir Gudang**
10A, Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang, Johor
Mohammad Fadzil Bin Abd Ghafar
Branch Manager (07-251 1579)
Tel : (07) 251 1578, 251 1573
Fax : (07) 251 1584
2. **Jalan Dedap, Taman Johor Jaya**
7 & 9, Jalan Dedap 18
Taman Johor Jaya
81100 Johor Bahru, Johor
Ali Bin B Mohamed
Branch Manager (07-354 9455)
Tel : (07) 355 5226, 355 5327, 355 0844
Fax : (07) 355 5004
3. **Jalan Perdagangan Damai**
Pasir Gudang, No. 29
Jln Perdagangan Damai
Nusa Damai
81700 Pasir Gudang
Johor Darul-Takzim
Maimunah Othman
Branch Manager (07-2524753)
Tel : (07) 251 2500, 251 3513, 252 4784
Fax : (07) 252 5044
4. **Jln Bendahara 12**
Taman Ungku Tun Aminah
Ground & First Floor
62, 64 & 66, Jalan Bendahara 12
Taman Ungku Tun Aminah
81300 Sekudai, Johor
Yap Chong Chiew
Branch Manager (07-557 1224)
Tel : (07) 557 1477, 557 1097
Fax : (07) 557 1553
5. **Johor Bahru City Square**
Lot J1-22 & J2-31
Level 1 & 2, Johor Bahru City Square
106 & 108, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Liaw Kwee Fong
Branch Manager (07-224 7460)
Tel : (07) 224 5333, 224 2485
Fax : (07) 224 1264
6. **Kulai**
4 & 5, Taman Seraya
Kulai Besar
81000 Kulai, Johor
Kuek Eng Eng @ Thomas
Branch Manager (07-663 4105)
Tel : (07) 663 1911, 663 1912
Fax : (07) 663 2159
7. **Permas Jaya, Johor**
Ground Floor
35 & 37, Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru, Johor
Chern Lea Chyun
Branch Manager (07-388 4989)
Tel : (07) 388 6741, 388 6744
Fax : (07) 388 6749
8. **Plentong, Johor**
Lot AT4, Ground Floor
Giant Hypermarket
3, Jalan Masai Lama
Plentong
81750 Johor Bahru, Johor
Mohd Zamri Bin Pardi
Branch Manager (07-358 2714)
Tel : (07) 352 7684, 358 2715, 358 2716
Fax : (07) 352 7689
9. **Pontian Kechil**
192, Jalan Bakek
Pontian Kechil
82000 Pontian, Johor
Zainudin Bin Abu Hasan
Branch Manager (07-687 8123)
Tel : (07) 687 8368, 687 8369
Fax : (07) 687 9107
10. **Senai**
180 & 181, Jalan Belimbing 1
81400 Senai, Johor
Kamaruzaman B. Atan
Branch Manager (07-598 3060)
Tel : (07) 599 6960, 599 6546
Tel : (07) 599 7154
Fax : (07) 599 6913
11. **Simpang Renggam**
8 & 9, Jalan Kijang
86200 Simpang Renggam, Johor
Ismail B. Saleh
Branch Manager (07-755 7366)
Tel : (07) 755 8531, 755 8532
Fax : (07) 755 8262
12. **Taman Molek, Johor**
56 & 58, Jalan Molek 2/2
Taman Molek
81100 Johor Bahru, Johor
Azmi Bin Mahyudin
Branch Manager (07-351 4640)
Tel : (07) 351 4641, 351 4642
Tel : (07) 351 4643
Fax : (07) 351 4649
13. **Taman Pelangi, Johor**
Suite 1-2, Level 1
Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru, Johor
Asoka Balan s/o Sinnadurai
Branch Manager (07-334 3484)
Tel : (07) 334 3476, 334 3481
Fax : (07) 334 3482
14. **Taman Sekudai Baru, Johor**
2, 4 & 6, Jalan Ronggeng Satu
Taman Sekudai Baru
81300 Sekudai, Johor
Tan Koh Kwang
Branch Manager (07-556 6068)
Tel : (07) 556 6066, 556 6067
Fax : (07) 558 1677
15. **Taman Sentosa, Johor**
9 & 11, Jalan Sutera
Taman Sentosa
80150 Johor Bahru, Johor
Mohd Azmi Bin Yaacob
Branch Manager (07-332 2248)
Tel : (07) 332 2243, 332 2244, 332 2246
Fax : (07) 334 9441

RHB Bank branches

16. **Tampoi**
3, 3-01, 5, 5-01, Jalan Pembangunan
Desa Rahmat, Tampoi
81200 Johor Bahru, Johor
Feizal Bin Sheikh Ahmad
Branch Manager (07-234 0685)
Tel : (07) 234 0678, 234 0729
Fax : (07) 234 0680
17. **Ulu Tiram**
1 & 2, Jalan Raya
81800 Ulu Tiram, Johor
Mohd Zakariah bin Abd Rahman
Branch Manager (07-861 3001)
Tel : (07) 861 3002, 861 7609
Fax : (07) 861 4088
- MELAKA RCB (CONSUMER)**
RCB Consumer Banking Head:
Amir Bin Abd Aziz (06-286 1217)
1. **9, Jalan Abdullah, Muar**
9, Jalan Abdullah
84000 Muar, Johor
Wan Noriani Bt Wan Hasan
Branch Manager (06-952 5120)
Tel : (06) 952 2234, 951 9080
Fax : (06) 952 9503
2. **Batu Pahat**
89, Jalan Rahmat
83000 Batu Pahat, Johor
Ahmad Nazri Bin Mohd Sani
(wef 24/2/05)
Branch Manager (07-431 4353)
Tel : (07) 431 7011, 431 7022
Fax : (07) 431 1077
3. **Bekok**
G34 & G36, Jalan Wijaya
86500 Bekok, Johor
Mohamad Nizam Bin Abdul Hamid
Branch Manager (07-922 1361)
Tel : (07) 922 1639, 922 1643
Fax : (07) 922 1525
4. **Bukit Baru, Melaka**
Ground Floor, 5 & 6, Jalan DR 1
Taman Delima Raya
Bukit Baru, 75150 Melaka
Mohd Suhaimi Bin Ramli
Branch Manager (06-232 1321)
Tel : (06) 232 1302, 232 1298
Fax : (06) 232 1319
5. **Jalan Dato' Rauf, Kluang**
18 & 20, Jalan Dato' Rauf
86000 Kluang, Johor
Chew Hock Shann
Branch Manager (07-773 6205)
Tel : (07) 772 4111, 772 4112
Fax : (07) 772 4094
6. **Jalan Hang Tuah, Melaka**
477, Plaza Melaka
Jalan Hang Tuah
75300 Melaka
Chiang Chiong Guan
Branch Manager (06-284 0472)
Tel : (06) 284 0473, 284 0476
Fax : (06) 284 4699
- including:-
Tesco Melaka (Sales Kiosk)
Lot 7, Tingkat Bawah
No. 1, Jalan Tun Razak
75400 Peringgit Melaka
OIC – Ismail Hj Dali
Tel : (06) 283 5533
Fax : (06) 283 9555
7. **Jalan Munshi Abdullah, Melaka**
179 & 181, Jalan Munshi Abdullah
75100 Melaka
Roslim Bin Md Ros
Branch Manager (06-284 3102)
Tel : (06) 283 6448, 283 1962
Fax : (06) 283 6717
8. **Jementah**
Ground Floor, MCA Building
Jalan Muar
85200 Jementah, Johor
Kamarulzaman B Musally
Branch Manager (07-947 1577)
Tel : (07) 947 1578, 947 1353
Fax : (07) 947 2404
9. **Kota Melaka**
No. 57 & 59, Prime Square
Taman Melaka Raya
75000 Melaka
Mohd Razali Bin Alizah
Branch Manager (06-282 5020)
Tel : (06) 282 5030, 282 5029
Fax : (06) 282 5076
10. **Segamat**
110 & 111, Jalan Genuang
85000 Segamat, Johor
Ramlan Bin Yaakop
Branch Manager (07-931 5441)
Tel : (07) 931 1366, 931 1367
Fax : (07) 932 3901
11. **Taman Intan, Kluang**
32 & 33, Jalan Intan 2/1
Taman Intan
86000 Kluang, Johor
Chua Kuang Chea
Branch Manager (07-772 7215)
Tel : (07) 772 7211, 772 7210
Fax : (07) 772 7216
12. **Tangkak**
351 & 352, Jalan Muar
84900 Tangkak, Johor
Lily Tay
Branch Manager (06-978 6762)
Tel : (06) 978 6588, 978 6591
Fax : (06) 978 6592
13. **Yong Peng**
106, Jalan Besar
83700 Yong Peng, Johor
Khoo Eng Hock (wef 31/1/2005)
Branch Manager (07-467 4761)
Tel : (07) 467 1006, 467 1146
Fax : (07) 467 5137
- PERAK RCB (CONSUMER)**
Regional Consumer Banking Head:
Che The Siong (05-2426637) wef 14/2/205
1. **Air Tawar**
33A & B, Jalan Besar
32400 Air Tawar, Perak
Tiang Kong Song
Branch Manager (05-672 4076)
Tel : (05) 672 2385, 672 4148
Fax : (05) 672 2168
2. **Bagan Serai**
243, Jalan Besar
34300 Bagan Serai, Perak
Zulkifli Bin Haron
Branch Manager (05-721 1582)
Tel : (05) 721 5715, 721 5716
Fax : (05) 721 2486
3. **Gopeng**
Ground Floor
67 & 69, High Street
31600 Gopeng, Perak
Loong Kam Kam
Branch Manager (05-359 4525)
Tel : (05) 359 1169, 359 4524
Fax : (05) 359 3291

RHB Bank branches

4. **Gunung Rapat**
57 & 59, Medan Gopeng 1
Jalan Gopeng, Gunung Rapat
31350 Ipoh, Perak
Nor Afidah Ahmad Marzuki
Branch Manager (05-312 4589)
Tel : (05) 312 3599, 312 3851
Fax : (05) 312 6570
 5. **Jalan Tun Sambanthan, Ipoh**
Lot 2, 4, 6 & 8, Jalan Tun Sambanthan
30000 Ipoh, Perak
Esmond Wong Peng Wan
Branch Manager (05-241 0513)
Tel : (05) 254 2135, 254 2136
Fax : (05) 255 0050
 6. **Ipoh Garden South**
12 & 14 Tingkat, Taman Ipoh 6
Ipoh Garden South
31400 Ipoh, Perak
Abdullah Sharwani Ismail
Branch Manager (05-547 3286)
Tel : (05) 548 2532, 547 7888
Fax : (05) 547 8899
 7. **Jelapang**
433 & 435, Jalan Silibin
Taman Silibin, P. O Box No. 585
30760 Ipoh, Perak
Chong Voon Chin
Branch Manager (05-526 1520)
Tel : (05) 526 6515, 526 8518
Fax : (05) 526 2418
 8. **Kampar**
81, 83 & 85, Jalan Gopeng
31900 Kampar, Perak
Chua Ton Tin
Branch Manager (05-465 1585)
Tel : (05) 466 6202, 466 6203,
465 1592, 465 1599
Fax : (05) 465 2216
 9. **Kuala Kangsar**
6 & 7, Jalan Daeng Selili
33000 Kuala Kangsar, Perak
Rodziah Bt Hj Abdul Rahman
Branch Manager (05-777 7970)
Tel : (05) 776 3772, 776 1762
Fax : (05) 776 6836
 10. **Kuala Kurau**
Ground & First Floor
19, Jalan Besar
34350 Kuala Kurau, Perak
Lim Kean Chee
Branch Manager (05-727 7952)
Tel : (05) 727 7953, 727 0939
Fax : (05) 727 7155
 11. **Menglembu**
Ground & First Floor
50 & 52, Jalan Besar
31450 Menglembu, Perak
Twoon Kok Kay
Branch Manager (05-281 6012)
Tel : (05) 281 6011, 281 6017
Fax : (05) 281 6010
 12. **Parit Buntar**
44, Jalan Teh Peh Kong
34200 Parit Buntar, Perak
Syed Jalil Bin Syed Jaafar
Branch Manager (05-716 6320)
Tel : (05) 716 1626, 716 1627
Fax : (05) 716 2019
 13. **Persiaran Greenhill, Ipoh**
62, Persiaran Greenhill
30450 Ipoh, Perak
Chan Lai Kwin
Branch Manager (05-253 2404)
Tel : (05) 253 3355, 255 4195
Fax : (05) 253 5053
 14. **Simpang, Perak**
11 & 12, Lorong Medan
Taman Simpang
34700 Simpang, Perak
Mohd Anuar Bin Ariffin
Branch Manager (05-847 2264)
Tel : (05) 847 5569, 847 2042
Fax : (05) 847 3317
 15. **Simpang Empat, Hutan Melintang**
Lots P.T 1374 & 1375
Jalan Hutan Melintang
Taman Seri Perak, Simpang Empat
36400 Hutan Melintang, Perak
Tay Kim Hock
Branch Manager (05-641 2364)
Tel : (05) 641 2363, 641 2362
Fax : (05) 641 3310
 16. **Sitiawan**
25C, Jalan Datuk Ahmad Yunus
32000 Sitiawan, Perak
Mohd Hamka B. Abdul Aziz
Branch Manager (05-691 3813)
Tel : (05) 691 1411, 691 4669
Fax : (05) 691 9012
 17. **Sungai Siput**
139 & 140, Jalan Besar
31100 Sungai Siput, Perak
Tang Wai Kee
Branch Manager (05-598 8923)
Tel : (05) 598 2233, 598 2234, 598 8922
Fax : (05) 598 4094
 18. **Sungkai**
18 & 19, Jalan Besar
35600 Sungkai, Perak
Mohd Hazanol Bin Hashim
Branch Manager (05-438 7912)
Tel : (05) 438 6708, 438 6710
Fax : (05) 438 6720
 19. **Taiping**
68 & 70, Jalan Kota
34000 Taiping, Perak
Hooi Sum Fatt
Branch Manager (05-807 4749)
Tel : (05) 807 3276, 807 3257
Tel : (05) 808 3350
Fax : (05) 806 3275
 20. **Tasek**
699 & 701, Jalan Tasek
Taman Musim Bunga
31400 Ipoh, Perak
Lau Yoke Wing
Branch Manager (05-546 4010)
Tel : (05) 546 7363, 546 7386, 546 7370
Fax : (05) 548 7566
 21. **Teluk Intan**
31 & 33, Jalan Intan 2
Bandar Baru Teluk Intan
36000 Teluk Intan, Perak
Hasnan B. Mohamed
Branch Manager (05-622 8233)
Tel : (05) 622 1654, 622 1655
Fax : (05) 621 1228
- EAST COAST RCB (CONSUMER)**
RCB Regional Consumer Banking head:
Ghazali Mat Noh (09-5162772)
wef 20/1/2005
1. **Bentong**
Lot 13 & 14, Jalan Loke Yew
28700 Bentong, Pahang
Ti Boon Ley
Branch Manager (09-222 7507)
Tel : (09) 222 1648, 222 1649
Fax : (09) 222 5944
 2. **Jerantut**
Lot 4360 & 4361, Jalan Kuantan
27000 Jerantut, Pahang
Shaharuddin Bin Ming
Branch Manager (09-266 3189)
Tel : (09) 266 5900, 266 5901
Fax : (09) 266 5899

RHB Bank branches

3. **Kemaman**
K-156C, Jalan Sulaimani
24000 Chukai, Terengganu
Aminuddin Mohamad Napiah
Branch Manager (09-859 6798)
Tel : (09) 859 2825, 859 2824
Fax : (09) 859 3771
 4. **Kerteh**
10B, Bandar Baru Kerteh
24300 Kerteh, Terengganu
Mohd Shamsuddin B Urmin
Branch Manager (09-826 1646)
Tel : (09) 826 1644, 826 1645
Fax : (09) 826 2171
 5. **Ketereh**
Lot PT 383 & PT 384
Kedai Ketereh, Bandar Ketereh
16450 Ketereh, Kelantan
Ros Naliza Bt Mohamed
Branch Manager (09-788 5725)
Tel : (09) 788 6377, 788 6376
Fax : (09) 788 8721
 6. **Jalan Tok Hakim, Kota Bharu**
782 – 786, Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Wan Zulkifli Wan Abdullah
Branch Manager (09-744 4961)
Tel : (09) 748 1792, 748 1793
Fax : (09) 744 9306
- including:-
- Jln Kebun Sultan, Kota Bharu**
(Service Centre)
Lot 1182 – 1183, Jalan Kebun Sultan
15350 Kota Bharu, Kelantan
Wan Husniah bt Wan Abdullah
OIC (09-744 1744)
Tel : (09) 744 1776, 744 1654
Fax : (09) 748 1788
 7. **Kuala Dungun**
K231, Jalan Besar, Kuala Dungun
23000 Dungun, Terengganu
Mohd Ludin B. Puteh
Branch Manager (09-845 6722)
Tel : (09) 848 1416, 845 1575
Fax : (09) 848 2996
 8. **Kuala Terengganu**
59, Jalan Sultan Ismail
20200 Kuala Terengganu, Terengganu
Mustaffa Bin Che Yusoff
Branch Manager (09-623 3478)
Tel : (09) 622 1478, 622 6478
Fax : (09) 622 9379
 9. **Jalan Telok Sisek, Kuantan**
45, Jalan Telok Sisek
25000 Kuantan, Pahang
Ng Aik Hee
Branch Manager (09-5161219)
Tel : (09) 517 7466, 516 4475, 516 4517,
516 3763
Fax : (09) 513 9554
 10. **Jalan Tun Ismail, Kuantan**
23, Jalan Tun Ismail
25000 Kuantan, Pahang
Vacant
Branch Manager (09- 513 3542)
Tel : (09) 514 2703, 514 3090
Fax : (09) 513 5022
 11. **Mentakab**
Lot 94 & 95, Jalan Temerloh
28400 Mentakab, Pahang
Azmi Bin Abd Rahman
Branch Manager (09-278 1971)
Tel : (09) 278 1976, 278 1989
Fax : (09) 278 2034
 12. **Pasir Mas**
18A, Jalan Tengku Ahmad
17000 Pasir Mas, Kelantan
Alawi Bin Hamzah
Branch Manager (09-790 8066)
Tel : (09) 790 9088, 790 7088
Fax : (09) 790 2292
 13. **Raub**
Lot PT 16477 & 16478
Pusat Perniagaan Indrapura, Jln Tras
27600 Raub, Pahang
Abdul Aznan Hj Yaakob
Branch Manager (09-355 3554)
Tel : (09) 355 5077, 355 5515
Fax : (09) 355 2929
 14. **Wakaf Tembusu**
Bangunan UMNO Wakaf Tembusu
Batu 8, Jalan Kelantan
21200 Kuala Terengganu, Terengganu
Jamilah Shaikh Mahmood
Branch Manager (09-666 3411)
Tel : (09) 666 4155
Fax : (09) 666 2310
- SARAWAK RCB (CONSUMER)**
RCB Consumer Banking Head:
Jee Tzin Kit (082-428976)
1. **31, Jln Tunku Osman, Sibul**
No 31, Jln Tuanku Osman
P O Box 26
96007 Sibul, Sarawak
Paul Lee Kuok Hun
Branch Manager (084-323744)
Tel : (084) 314455
Fax: (084) 310546
 2. **Boulevard Centre, Miri**
Ground Floor
Lot 2469 & 2470
Boulevard Commercial Centre
Jalan Boulevard Utama
98000 Miri, Sarawak
Susan Tham Sow Kuen
Branch Manager
Tel : (085) 429880
Fax : (085) 429881
 3. **Dalat, Sarawak**
Ground Floor
Pejabat Daerah Dalat
96300 Dalat, Sarawak
Wan Sharkawi Wan Spawi
Branch Manager (084-864828)
Tel : (084) 864841, 864842
Fax : (084) 864824
 4. **Jalan Kulas, Kuching**
Ground Floor Lot 363
Section Jalan Kulas
P O Box 2049
93740 Kuching, Sarawak
Roslina Bolhassan
Branch Manager (082-427255)
Tel : (082) 419050
Fax : (082) 426160
 5. **Jalan Masjid, Bintulu**
Ground Floor & 1st Floor
258 Taman Sri Dagang
Jalan Masjid
97000 Bintulu, Sarawak
Nio Huat Lam
Branch Manager (086-335178)
Tel : (086) 331133
Fax : (086) 331692

RHB Bank branches

6. **Jalan Nakhoda Gampar, Miri**
Lot 362, Block 9
Jln Nakhoda Gampar
P O Box 1142
98008 Miri, Sarawak
Mohd Maley Abdul Hamid
Branch Manager (085-418822)
Tel : (085) 411882
Fax : (085) 415682
7. **Jalan Padungan, Kuching**
256, Jalan Padungan
93100 Kuching, Sarawak
Yiin Suk Kiong, Cecillia
Branch Manager (082-251024)
Tel : (082) 428062, 429062
Fax : (082) 415453
8. **Kanowit, Sarawak**
Lots 127 & 128
No 65-66 Jalan Kubu
Kanowit Town District
96700 Kanowit, Sarawak
Hawing Ding
Branch Manager (084-752699)
Tel : (084) 752700
Fax : (084) 752711
9. **Kota Samarahan**
Lots 6969-6970, Block 59
Muara Tuang Land District
94300 Kota Samarahan, Sarawak
Ahmad Juanda Kana
Branch Manager (082-671531)
Tel : (082) 671526
Fax : (082) 671525
10. **Lanang, Sarawak**
Sublot 2 & 3
Dungun Lane, Lanang Road
96000 Sibu, Sarawak
Wong King Ping
Branch Manager (084-349289)
Tel : (084) 349554, 349547, 349585
Fax : (084) 349345
11. **Lawas, Sarawak**
Lot No 355
Jalan Punang
98850 Lawas
Sarawak
Jonathan Wee Eng Ghee
Branch Manager
Tel : (085) 285657, 285659
Fax : (085) 285529
12. **Lundu, Sarawak**
Lot 249-250
Jalan Blacksmith
Pekan Lundu
94500 Lundu, Sarawak
Behil @ Bian Turat
Branch Manager (082-735122)
Tel : (082) 735611
Fax : (082) 735220
13. **Medan Raya, Kuching**
(w.e.f. 01-07-2004)
Lot 4, Tingkat Bawah
Bangunan MASJA
Medan Raya, Petrajaya
93050 Kuching, Sarawak
Edwin Yassin Abdullah
Branch Manager (082-449077)
Tel : (082) 442741, 449135, 445611
Fax : (082) 443926
14. **Sarikei, Sarawak**
Lot 1468
Repok Road
P O Box 738
96108 Sarikei, Sarawak
Loi Teck Sing
Branch Manager (084-657033)
Tel : (084) 657030
Fax : (084) 657036
15. **Siburan, Sarawak**
No. 2, Siburan Bazaar
17th Mile, Kuching Serian Road
94200 Siburan, Sarawak
Yong Chiong Lung
Branch Manager (082-862886)
Tel : (082) 862808
Fax : (082) 862880
16. **Simpang Tiga, Kuching**
No. 11, Jln Simpang Tiga
P O Box 3000
93758 Kuching, Sarawak
Francis Ang Meu Hock
Branch Manager (082-416807)
Tel : (082) 411817
Fax : (082) 420975
17. **Tabuan Jaya, Sarawak**
891-892
Lorong Bayor Bukit 2A
Tabuan Jaya, Shopping Centre
Jalan Wan Alwi
93350 Kuching, Sarawak
Valerie Lee Kui Hua
Branch Manager (082-366822)
Tel : (082) 366823, 366828
Fax : (082) 366826
18. **UNIMAS, Kota Samarahan**
Amenities Centre (Left Wing)
Unimas Campus
94300 Kota Samarahan
Sarawak
Wong Kee Toh, Vincent
Branch Manager (082-673166)
Tel : (082) 672662
Fax : (082) 672611
19. **Wisma Mahmud, Kuching**
Level 1
Wisma Mahmud
Jalan Sungei Sarawak
93100 Kuching, Sarawak
Mustapha Doll
Branch Manager (082-342699)
Tel : (082) 345345, 345610
Fax : (082) 338358
20. **Batu Kawah , Kuching**
(wef Dec. 2004)
Bd 104/204 & 105/205 ,
Batu Kawah New Township
Jalan Batu Kawa, 93250 Kuching
Sarawak
David Ho Pau Enn
Manager
Tel : (082) 455650/082-450487
Fax : (082) 459790
- SABAH RCB (CONSUMER)**
Regional Consumer Banking Head
Bernadette Sun Fui Ling (088-217733)
1. **Bandar Pasaraya, Sandakan**
Lot 59 Ground Floor
Bandar Pasaraya, Mile 4
90000 Sandakan, Sabah
Vacant
Branch Manager (089-224402)
Tel : (089)208101, 208102, 208104,
208100
Fax : (089) 228101
2. **Inanam, Sabah**
Ground & First Floor
Lot 20 & 22, Block E
Inanam New Township, Phase II
89350 Inanam, Sabah
Voo Sui Siong
Branch Manager (088-426680)
Tel : (088) 422883, 422820
Fax : (088) 423011

RHB Bank branches

3. Jalan Gaya, Kota Kinabalu

81 / 83, Jalan Gaya
88000 Kota Kinabalu, Sabah
Lo Mei Hwa
Branch Manager (088-239288)
Tel : (088) 216188, 213982
Fax : (088) 235871

4. Jalan Tun Mustapha, Labuan

Lot 1 & 2, Jati Shop Houses
Off Jalan Tun Mustapha
87007 Labuan
Wilayah Persekutuan Labuan
Mustapa Bin Mat Diah
Branch manager (087-414364)
Tel : (087) 414822, 414810
Fax : (087) 414449

5. Lahad Datu, Sabah

Lot 1 & 2, Block A
Metro Commercial Complex
91100 Lahad Datu, Sabah
Vacant
Branch Manager (089-886162)
Tel : (089) 886159, 886418
Fax : (089) 886163

6. Tawau, Sabah

Ground & First Floor
Lot 5 Block 27
Fajar Complex, Jalan Mahkamah
Town Extension II
91000 Tawau, Sabah
Yapp Jin Fui (wef 1 Feb, 2005)
Branch Manager (089-763911)
Tel : (089) 777355, 777233
Fax : (089) 764684, 765254

7. Wisma Khoo, Sandakan

Sub Lot 1 – 7, Ground Floor
Wisma Khoo Siak Chiew
Lebuh Tiga, Jalan Sim Sim
Mail Bag No. 4
90009 Sandakan, Sabah
Yapp Choon Tieng
Branch Manager (089-213191)
Tel : (089) 218777, 216991
Fax : (089) 271246

RHB BUREAU DE CHANGE

1. Kota Raya Complex

Lot G17, Ground Floor
Kota Raya Complex
Jalan Cheng Lock
50000 Kuala Lumpur
Tel: (03) 2072 0881
Fax: (03) 2074 1910

2. KL International Airport

Lot 13a, Departure Level
Main Terminal Building
Kuala Lumpur International Airport
64000 KLIA, Selangor
Tel: (03) 8787 3257
Fax: (03) 8787 3255

3. KL Internatinal Airport

Arrival Hall
Main Terminal Building
Kuala Lumpur International Airport
64000 KLIA, Selangor
Tel: (03) 8787 1562
Fax: (03) 8787 3255

4. Bangsar Shopping Complex

G125 & G126, Ground Floor
Bangsar Shopping Centre
285, Jalan Ma'arof, Bangsar
59100 Kuala Lumpur
Tel: (03) 2284 6870, 2284 6872,
2284 6875
Fax: (03) 2284 6896

5. Kuala Lumpur City Centre

Lot G34, Ground Floor
Petronas Twin Tower
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel: (03) 2164 6505, 2161 2009
Fax: (03) 2164 6213

6. Plentong

Lot AT4, Ground Floor
Giant Hypermarket
3, Jalan Masai Lama, Plentong
81750 Johor Bahru, Johor
Tel: (07) 352 7684, 352 7685, 352 7686
Fax: (07) 352 7689

7. KL Sentral

Unit 7, Level One, Arrival Hall
City Air Terminal
KL Sentral Station
50470 Kuala Lumpur
Tel: (03) 2273 5000
Fax: (03) 2274 7000

RHB ISLAMIC BANK BERHAD

1. Cawangan Utama

Level One, Tower Three,
RHB Centre, 50400 Kuala Lumpur
Kamarunzaman Haji Yasak
Branch Manager
Tel: 03-9280 6078
Fax: 03-9283 8349

RHB OVERSEAS BRANCHES

NEGARA BRUNEI DARUSSALAM

1. Bandar Seri Begawan

Unit G.02, Ground Floor, Block D
Kompleks Yayasan Sultan
Haji Hassanah Bolkiah
Jalan Pretty
Bandar Seri Begawan BS 8711
Negara Brunei Darussalam
Hashim Hasan
Branch Manager (673-223 1329)
Tel: (673) 223 1325 / 222 2515 / 16
Fax: (673) 223 7487

SINGAPORE

1. Country Head, SINGAPORE OPERATIONS

5th Floor Executive Office
RHB Bank Berhad
90 Cecil Street
#05-00 Singapore 069531
Anthony Yeo
Tel: (02) 6220 2736
Fax: (02) 6221 6646

2. Cecil Street

90, Cecil Street, #01-00
Singapore 069531
Chee Keng Thong
Branch Manager (02-6222 1059)
Tel: (02) 6225 3111, (02) 6320 0360
Fax: (02) 6225 5296

3. Bukit Timah

440 / 442, Upper Bt Timah Road
The Rail Mall
Singapore 678064
Rudy Harjanto
Branch Manager (02-6765 1678)
Tel: (02) 6769 1766
Fax: (02) 6762 4032

4. Geylang

537 Geyland Road
Singapore 389492
Harry Wee
Branch Manager (02-6747 8969)
Tel: (02) 6747 8966
Fax: (02) 6747 1015

RHB Bank branches

6. Katong

14 – 18 East Coast Rd

Katong

Singapore 428741

Adrian Tan

Branch Manager (02-6344 5353)

Tel: (02) 6344 8044

Fax: (02) 6345 7131

7. Bukit Merah

Blk 131, Jalan Bukit Merah

#01-1577 / 1579

Singapore 160131

William Koh

Branch Manager (02-6273 9168)

Tel: (02) 6278 5388

Fax: (02) 6273 7765

8. Upper Serangoon

1 Yio Chu Kang Road

Singapore 545506

Eddie Eng

Branch Manager (02-6282 6778)

Tel: (02) 6288 8053

Fax: (02) 6285 4685

THAILAND**1. Bangkok**

Level 10, Liberty Square

287, Silon Road, Bangrak

Bangkok 10500

Thailand

Alex Yeoh Seng Heng

Branch Manager (66-02-6312010)

Tel: (66) 02-6312000

Fax: (66) 02-6312018