

RHB BANK BERHAD

UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED BALANCE SHEETS AS AT 30 JUNE 2006

	Note	Group		Bank	
		As At	As At	As At	As At
		30 June 2006	31 Dec 2005	30 June 2006	31 Dec 2005
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		12,899,908	10,790,936	9,705,571	12,539,401
Securities purchased under resale agreements		3,925,141	2,219,491	3,925,141	2,219,491
Deposits and placements with banks and other financial institutions		643,970	2,431,491	599,210	1,981,441
Securities held for trading	8	1,748,065	1,761,937	1,003,621	890,492
Securities available-for-sale	9	1,618,998	1,895,580	1,437,759	1,726,819
Securities held-to-maturity	10	16,233,904	14,078,589	15,126,074	12,843,807
Loans, advances and financing	11	49,381,509	47,634,111	44,222,869	37,090,808
Other assets	13	553,568	430,409	536,664	689,033
Tax recoverable		433	17,449	-	-
Deferred taxation assets		249,382	240,038	215,890	171,138
Statutory deposits		1,495,271	1,619,025	1,306,642	1,233,745
Investment in subsidiaries		-	-	828,957	1,389,849
Investment in an associate		4,279	4,198	-	-
Property, plant and equipment		614,972	628,239	485,380	486,433
Goodwill		1,004,017	1,004,017	905,519	892,012
TOTAL ASSETS		90,373,417	84,755,510	80,299,297	74,154,469
LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY					
Deposits from customers	14	52,355,556	48,704,834	44,113,155	40,844,274
Deposits and placements of banks and other financial institutions	15	11,173,546	10,597,657	9,913,507	9,770,738
Obligations on securities sold under repurchase agreements		10,260,888	10,329,421	10,224,178	10,341,624
Bills and acceptances payable		3,893,827	3,313,060	3,850,829	3,279,024
Recourse obligation on loans sold to Cagamas Berhad		3,720,562	3,356,992	3,720,562	2,006,549
Other liabilities	16	1,495,182	1,363,876	1,287,887	1,074,223
Provision for taxation and zakat		67,272	19,214	60,734	15,675
Deferred taxation liabilities		7	8	-	-
Long term borrowings		183,725	-	183,725	-
Subordinated obligations		1,349,662	1,365,252	1,349,662	1,365,252
		84,500,227	79,050,314	74,704,239	68,697,359
Irredeemable Non-Cumulative Convertible Preference Shares (INCPS)		1,368,099	1,368,099	1,368,099	1,368,099
		85,868,326	80,418,413	76,072,338	70,065,458
Ordinary Share Capital		1,949,986	1,949,986	1,949,986	1,949,986
Reserves		2,555,105	2,387,111	2,276,973	2,139,025
Shareholders' equity		4,505,091	4,337,097	4,226,959	4,089,011
TOTAL LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY		90,373,417	84,755,510	80,299,297	74,154,469
COMMITMENTS AND CONTINGENCIES	24	44,202,775	40,364,815	41,423,070	37,682,648

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	Individual Quarter		Cumulative Six Months	
		Current Financial Quarter Ended 30 June 2006	Preceding Corresponding Quarter Ended 30 June 2005	Current Financial Half Year Ended 30 June 2006	Preceding Corresponding Half Year Ended 30 June 2005
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	17	996,233	795,999	1,923,014	1,542,125
Interest expense	18	(536,182)	(422,593)	(1,019,819)	(819,772)
Net interest income		460,051	373,406	903,195	722,353
Other operating income	19	145,094	110,192	268,680	236,145
Income from Islamic banking business	31	605,145	483,598	1,171,875	958,498
		46,472	36,431	93,198	64,685
Net income		651,617	520,029	1,265,073	1,023,183
Other operating expenses	20	(301,412)	(266,984)	(577,284)	(523,530)
Operating profit		350,205	253,045	687,789	499,653
Allowance for losses on loans and financing	21	(150,753)	(113,354)	(260,751)	(170,329)
Allowance for impairment losses	22	(459)	(4,471)	(15,064)	(23,176)
		198,993	135,220	411,974	306,148
Share of results of an associate		45	71	81	145
Profit before INCPS dividends, taxation and zakat		199,038	135,291	412,055	306,293
INCPS dividends		(34,109)	(34,140)	(67,843)	(67,874)
Profit after INCPS dividends but before taxation and zakat		164,929	101,151	344,212	238,419
Taxation		(42,033)	(27,818)	(98,416)	(60,980)
Zakat		920	-	920	(1)
Net profit for the financial period		123,816	73,333	246,716	177,438
Earning per ordinary share					
- Basic earnings per 50 sen share		3.17	1.88	6.33	4.55

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

		<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
		Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
<u>Bank</u>					
Interest income	17	961,383	674,685	1,850,925	1,306,339
Interest expense	18	(518,473)	(372,757)	(982,920)	(720,157)
Net interest income		442,910	301,928	868,005	586,182
Other operating income	19	184,515	144,279	305,952	265,031
		627,425	446,207	1,173,957	851,213
Income from Islamic banking business		-	-	-	23,685
Net income		627,425	446,207	1,173,957	874,898
Other operating expenses	20	(280,581)	(221,257)	(535,086)	(448,987)
Operating profit		346,844	224,950	638,871	425,911
Allowance for losses on loans and financing	21	(148,463)	(89,686)	(255,045)	(127,248)
Allowance for impairment losses	22	(459)	(8,361)	(15,064)	(27,066)
		197,922	126,903	368,762	271,597
Share of results of an associate		-	-	-	-
Profit before INCPS dividends, taxation and zakat		197,922	126,903	368,762	271,597
INCPS dividends		(34,109)	(34,140)	(67,843)	(67,874)
Profit after INCPS dividends but before taxation and zakat		163,813	92,763	300,919	203,723
Taxation		(45,999)	(19,141)	(93,629)	(49,132)
Zakat		-	-	-	-
Net profit for the financial period		117,814	73,622	207,290	154,591
Earning per ordinary share					
- Basic earnings per 50 sen share		3.02	1.89	5.32	3.96

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2006

Group	Distributable						Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
Balance as at 01.01.2006	1,949,986	8,563	1,596,396	(3,252)	5,142	780,262	4,337,097
Currency translation differences	-	-	-	(2,188)	-	-	(2,188)
Net profit for the financial period	-	-	-	-	-	246,716	246,716
Transfer to statutory reserves	-	-	27,413	-	-	(27,413)	-
Unrealised net gain/(loss) on revaluation of securities available- for-sale	-	-	-	-	(36,429)	-	(36,429)
Net (gain) on disposal or impairment transferred to income statement	-	-	-	-	9,892	-	9,892
Deferred tax	-	-	-	-	7,567	-	7,567
Ordinary dividends paid during the period	-	-	-	-	-	(57,564)	(57,564)
Balance as at 30.06.2006	1,949,986	8,563	1,623,809	(5,440)	(13,828)	942,001	4,505,091
Balance as at 31.12.2004							
- as previously reported	1,949,986	8,563	1,445,168	11,854	-	710,157	4,125,728
- prior year adjustments	-	-	5,201	-	(21,420)	(146)	(16,365)
As restated	1,949,986	8,563	1,450,369	11,854	(21,420)	710,011	4,109,363
Currency translation differences	-	-	-	(15,106)	-	-	(15,106)
Net profit for the financial year	-	-	-	-	-	377,737	377,737
Transfer to statutory reserves	-	-	146,027	-	-	(146,027)	-
Unrealised net gain/(loss) on revaluation of securities available- for-sale	-	-	-	-	(25,241)	-	(25,241)
Net (gain) on disposal or impairment transferred to income statement	-	-	-	-	63,527	-	63,527
Deferred tax	-	-	-	-	(11,724)	-	(11,724)
Ordinary dividends paid during the year	-	-	-	-	-	(161,459)	(161,459)
Balance as at 31.12.2005	1,949,986	8,563	1,596,396	(3,252)	5,142	780,262	4,337,097

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2006

Bank	← Non-distributable →					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000		
Balance as at 01.01.2006	1,949,986	8,563	1,529,557	(288)	8,080	593,113	4,089,011	
Currency translation differences	-	-	-	8,069	-	-	8,069	
Net profit for the financial period	-	-	-	-	-	207,290	207,290	
Amount vested over from RHB Delta Finance	-	-	-	-	148	-	148	
Transfer to statutory reserves	-	-	73,511	-	-	(73,511)	-	
Unrealised net gain/(loss) on revaluation of securities available- for-sale	-	-	-	-	(38,840)	-	(38,840)	
Net (gain) on disposal or impairment transferred to income statement	-	-	-	-	11,069	-	11,069	
Deferred tax	-	-	-	-	7,776	-	7,776	
Ordinary dividends paid during the period	-	-	-	-	-	(57,564)	(57,564)	
Balance as at 30.06.2006	1,949,986	8,563	1,603,068	7,781	(11,767)	669,328	4,226,959	
Balance as at 31.12.2004								
- as previously reported	1,949,986	8,563	1,389,455	14,424	-	630,039	3,992,467	
- prior year adjustments	-	-	5,201	-	(21,965)	(10,368)	(27,132)	
As restated	1,949,986	8,563	1,394,656	14,424	(21,965)	619,671	3,965,335	
Currency translation differences	-	-	-	(14,712)	-	-	(14,712)	
Net profit for the financial year	-	-	-	-	-	269,802	269,802	
Transfer to statutory reserves	-	-	134,901	-	-	(134,901)	-	
Unrealised net gain/(loss) on revaluation of securities available- for-sale	-	-	-	-	(21,649)	-	(21,649)	
Net (gain) on disposal or impairment transferred to income statement	-	-	-	-	63,378	-	63,378	
Deferred tax	-	-	-	-	(11,684)	-	(11,684)	
Ordinary dividends paid during the year	-	-	-	-	-	(161,459)	(161,459)	
Balance as at 31.12.2005	1,949,986	8,563	1,529,557	(288)	8,080	593,113	4,089,011	

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	30/06/2006	31/12/2005
	RM'000	RM'000
<u>Group</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	3,895,349	(2,159,930)
Zakat paid	(54)	(99)
Taxation paid	(52,667)	(164,966)
Net cash (used in)/generated from operating activities	3,842,628	(2,324,995)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,853)	(62,958)
Proceeds from disposal of property, plant and equipment	1,944	6,319
Net sale of securities available-for-sale	259,155	4,439,500
Net purchase of securities held-to-maturity	(2,150,404)	(3,424,052)
Interest received from securities available-for-sale	27,524	19,294
Interest received from securities held-to-maturity	272,924	404,075
Dividend income from securities available-for-sale	1,196	2,585
Net cash generated from/(used in) investing activities	(1,615,514)	1,384,763
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid :		
- INCPS	(49,117)	(98,503)
- ordinary shares	(57,564)	(161,459)
Net cash used in financing activities	(106,681)	(259,962)
Net (decrease)/increase in cash and cash equivalents	2,120,433	(1,200,194)
Effects of exchange rate differences	(11,461)	(8,523)
Cash and cash equivalents brought forward	10,790,936	11,999,653
Cash and cash equivalents carried forward	12,899,908	10,790,936
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	12,899,908	10,790,936

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
CONDENSED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006**

	30/06/2006	31/12/2005
	RM'000	RM'000
<u>Bank</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(1,976,274)	871,608
Zakat paid	-	(2)
Taxation paid	(34,842)	(109,606)
Net cash (used in)/generated from operating activities	(2,011,116)	762,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,093)	(52,513)
Proceeds from disposal of property, plant and equipment	1,534	5,621
Net sale of securities available-for-sale	273,548	4,560,322
Net purchase of securities held-to-maturity	(2,031,811)	(3,474,456)
Interest received from securities available-for-sale	25,756	17,271
Interest received from securities held-to-maturity	262,074	378,332
Dividend income from securities available-for-sale	1,196	2,530
Dividend income from subsidiary companies	33,365	33,776
Net investment in subsidiaries	17,353	(75,000)
Net cash generated from/(used in) investing activities	(1,444,078)	1,395,883
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment of finance lease	(231)	(434)
Dividends paid :		
- INCPS	(49,117)	(98,503)
- ordinary shares	(57,564)	(161,459)
Net cash used in financing activities	(106,912)	(260,396)
Net increase in cash and cash equivalents	(3,562,106)	1,897,487
Cash and cash equivalents vested over to RHB Islamic Bank	-	(1,273,377)
Cash and cash equivalents vested over from RHB Delta Finance	727,701	-
Effects of exchange rate differences	575	(10,136)
Cash and cash equivalents brought forward	12,539,401	11,925,427
Cash and cash equivalents carried forward	9,705,571	12,539,401
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and short-term funds	9,705,571	12,539,401

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

1 Basis Of Preparation

The interim financial statements for the six months ended 30 June 2006 have been prepared in accordance with FRS134 (formerly known as MASB 26) issued by the Malaysian Accounting Standard Board (MASB). The interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2005.

The accounting policies and presentation adopted by the Group for the interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2005.

2 Audit Report

The audit report for the financial year ended 31 December 2005 was not subject to any qualification.

3 Seasonal or Cyclical Factors

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

4 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the six months ended 30 June 2006.

5 Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the six months ended 30 June 2006.

The Group has changed the period of default for non-performing loans from 6 months to 3 months with effect from September 2005.

6 Changes In Debt and Equity Securities

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

7 Dividends Paid

The Bank has paid the final ordinary dividend for the Financial Year 2005 of 4.1% less tax amounting to RM57.56million on 22 March 2006.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

8 Securities Held For Trading

At fair value	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	47,738	25,030	47,738	25,030
Khazanah bonds	-	120,419	-	91,345
Government investment issues	118,663	208,083	118,663	189,507
Singapore government stocks	285,025	317,799	285,025	317,799
<u>Unquoted</u>				
Malaysia government treasury bills	14,712	19,807	14,712	-
Fixed rate notes	236,345	249,057	236,345	249,057
Bank Negara Malaysia bills	409,271	444,592	255,473	17,754
Bankers' acceptances & Islamic accepted bills	322,471	20,437	16,013	-
Private debts securities	92,122	118,551	29,652	-
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Shares	-	6,017	-	-
<u>Outside Malaysia</u>				
Other government securities	119,259	126,856	-	-
Bonds	102,459	105,289	-	-
Total securities held for trading	1,748,065	1,761,937	1,003,621	890,492

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

9 Securities Available-For-Sale

At fair value	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
<u>Money market instruments:</u>				
<u>Quoted</u>				
Cagamas bonds and Cagamas Mudharabah bonds	298,733	585,535	298,733	570,545
Government investment issues	9,889	-	-	-
Singapore government stocks	11,568	-	11,568	-
Khazanah bonds	9,079	-	-	-
<u>Unquoted</u>				
Malaysia government treasury bills	118,079	42,534	-	9,677
Singapore government treasury bills	41,915	56,761	41,915	56,761
Bankers' acceptances & Islamic accepted bills	11,708	-	11,708	-
Private debt securities	585,396	598,090	585,396	598,090
Bank Negara Malaysia bills/ notes	25,271	99,575	-	-
Other government securities	-	4,546	-	4,546
	1,111,638	1,387,041	949,320	1,239,619
<u>Quoted securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	47,518	74,789	47,518	74,789
Shares	18,745	31,975	17,496	30,959
<u>Outside Malaysia</u>				
Floating rate notes	303	313	-	-
Shares	176	135	119	58
	66,742	107,212	65,133	105,806
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Corporate loan stocks	184,560	193,691	167,823	177,189
Shares	170,400	165,952	169,825	162,521
Private debt securities	34,794	38,386	34,794	38,386
<u>Outside Malaysia</u>				
Private debt securities	50,864	3,298	50,864	3,298
Total securities available-for-sale	1,618,998	1,895,580	1,437,759	1,726,819

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

10 Securities Held-To-Maturity

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
At amortised cost				
<u>Money market instruments:</u>				
<u>Quoted</u>				
Malaysian government securities	2,331,610	2,369,616	2,331,610	2,157,947
Cagamas bonds and Cagamas Mudharabah bonds	770,726	656,125	710,204	530,566
Khazanah bonds	556,231	585,764	-	-
Government Investment Issued	80,083	-	-	-
<u>Unquoted</u>				
Malaysia government treasury bills	44,378	73,406	44,378	73,406
Thailand government treasury bills	23,608	47,235	23,608	47,235
Bankers' acceptances & Islamic accepted bills	610,347	714,033	610,347	714,033
Cagamas notes	96,102	-	96,102	-
Negotiable instruments of deposits	7,565,000	5,867,009	7,565,000	5,867,009
Prasarana bonds	1,983,184	1,954,850	1,983,184	1,954,850
Private debt securities	1,246,228	1,030,971	1,100,201	885,353
Other government securities	191,756	140,746	191,756	140,746
	15,499,253	13,439,755	14,656,390	12,371,145
<u>Quoted securities :</u>				
<u>In Malaysia</u>				
Floating rate notes	97,282	100,162	-	-
<u>Unquoted Securities:</u>				
<u>In Malaysia</u>				
Promissory notes	-	375	-	375
Bonds	29,047	29,047	860	834
Privates debt securities	394,169	399,183	394,169	399,183
Corporate loan stocks	198,226	187,992	198,226	187,992
Shares	500	500	500	500
<u>Outside Malaysia</u>				
Floating rate notes	11,013	-	-	-
Callable range accrual notes	36,710	-	-	-
Credit link notes	91,775	37,797	-	-
	16,357,975	14,194,811	15,250,145	12,960,029
Accumulated impairment losses	(124,071)	(116,222)	(124,071)	(116,222)
Total securities held-to-maturity	16,233,904	14,078,589	15,126,074	12,843,807

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

11 Loans, Advances and Financing

(i) By type

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Overdrafts	6,706,476	6,465,593	6,645,202	6,407,163
Term Loans/financing				
Housing loans/financing	12,074,565	11,706,298	10,759,877	10,423,825
Syndicated term loans/financing	2,240,414	2,266,496	1,024,870	893,268
Hire purchase receivables	8,996,636	7,669,206	8,228,253	4,596
Lease receivables	296,372	295,953	-	-
Other term loans/financing	10,633,822	11,104,503	9,635,221	10,068,428
Bills receivable	1,931,616	1,628,524	1,247,120	1,130,178
Trust receipts	479,152	498,867	470,418	483,630
Claims on customers under acceptance credits	4,375,729	4,104,478	4,375,729	4,104,478
Staff loans/financing	412,324	417,836	407,879	406,508
Credit cards receivables	1,095,424	994,953	1,095,424	994,953
Revolving credit	4,484,922	4,433,111	4,331,378	4,388,445
Floor stocking	11,436	7,935	11,436	-
	53,738,888	51,593,753	48,232,807	39,305,472
Less : Unearned interest and income	(1,497,860)	(1,281,313)	(1,390,626)	(24,317)
Gross loans, advances and financing	52,241,028	50,312,440	46,842,181	39,281,155
Less : Allowance for bad and doubtful debts and financing:				
- General	(932,699)	(909,527)	(806,359)	(676,608)
- Specific	(1,926,820)	(1,768,802)	(1,812,953)	(1,513,739)
Net loans, advances and financing	49,381,509	47,634,111	44,222,869	37,090,808

(ii) By type of customer

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Domestic non-bank financial institutions				
- Stock broking companies	3,141	2,862	3,141	2,862
- Others	891,241	1,538,106	853,149	1,498,753
Domestic business enterprises				
- Small medium enterprises	8,780,947	9,094,506	7,588,113	6,852,556
- Others	19,123,571	17,902,451	16,652,985	15,079,773
Government and statutory bodies	156,439	167,350	156,439	166,956
Individuals	22,728,475	21,137,542	21,211,276	15,381,841
Other domestic entities	52,782	54,419	36,767	37,971
Foreign entities	504,432	415,204	340,311	260,443
	52,241,028	50,312,440	46,842,181	39,281,155

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

11 Loans, Advances and Financing (cont'd)

(iii) By interest/profit rate sensitivity

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Fixed rate				
Housing loans/financing	1,441,610	1,447,587	131,554	196,011
Hire purchase receivables	7,541,622	6,485,481	6,859,683	4,171
Other fixed rate loans/financing	3,124,262	2,953,207	1,522,362	1,456,431
Variance rate				
BLR plus	19,715,917	19,155,530	19,715,917	18,960,595
Cost-plus	15,761,770	16,075,401	15,197,476	15,695,727
Other variable rates	4,655,847	4,195,234	3,415,189	2,968,220
	52,241,028	50,312,440	46,842,181	39,281,155

(iv) By purpose

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Purchase of securities	1,934,138	1,709,814	1,579,359	1,361,395
Purchase of transport vehicles	5,995,702	5,137,937	5,794,982	29,330
Purchase of landed property :				
- Residential	12,520,412	12,213,164	11,206,751	10,926,525
- Non-residential	1,202,663	1,139,347	1,286,732	1,228,935
Purchase of property, plant and equipment other than land and building	2,071,240	1,865,132	1,128,155	124,661
Personal use	1,927,168	1,817,056	1,898,076	1,787,670
Credit card	1,095,424	994,953	1,095,424	994,953
Purchase of consumer durables	135,509	141,802	135,097	130,295
Construction	2,395,590	2,521,562	2,216,895	2,400,971
Merger and acquisition	4,442	-	4,442	-
Working capital	21,207,254	21,359,340	19,803,880	20,038,855
Others purposes	1,751,486	1,412,333	692,388	257,565
	52,241,028	50,312,440	46,842,181	39,281,155

Note :

The classification of loans, advances and financing/ NPLs by sector has been changed to loans, advances and financing/ NPLs by purpose in accordance with BNM's implementation of the Financial Institutions Statistical System ('FISS') version 3.5 release 2 effective from 30 April 2006, therefore no comparatives are disclosed.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

12 Non-Performing Loans/Financing (NPL/NPF)

(i) Movement in non-performing loans, advances and financing

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
At beginning of year	4,151,770	4,866,476	3,484,877	4,587,825
Amount vested over from RHB Delta Finance Berhad	-	-	375,910	-
Amount vested over to RHB Islamic Bank	-	-	-	(258,040)
Classified as non-performing during the year	2,071,710	2,474,971	1,889,138	1,814,499
Reclassified as performing during the year	(1,191,636)	(1,648,019)	(1,081,404)	(1,315,295)
Loans/financing converted to securities	(21,501)	(28,716)	(21,501)	(22,837)
Amount recovered	(298,304)	(391,096)	(286,354)	(274,148)
Amount written off	(93,725)	(1,118,358)	(93,684)	(1,044,495)
Exchange difference	(692)	(3,488)	1,391	(2,632)
At end of year	4,617,622	4,151,770	4,268,373	3,484,877
Specific allowance	(1,926,820)	(1,768,802)	(1,812,953)	(1,513,739)
Net non-performing loans, advances and financing	2,690,802	2,382,968	2,455,420	1,971,138
Ratio of net non-performing loans and financing to net loans and financing	5.3%	4.9%	5.5%	5.2%

(ii) Movement in allowance for bad and doubtful debts

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
General allowance				
At beginning of year	909,527	809,746	676,608	684,630
Amount vested over from RHB Delta Finance Berhad	-	-	107,790	-
Amount vested over to RHB Islamic Bank	-	-	-	(77,059)
Allowance made/(written back) during the year	23,593	100,842	21,225	69,839
Exchange difference	(421)	(1,061)	736	(802)
At end of year	932,699	909,527	806,359	676,608
As % of gross loans, advances and financing less specific allowance	1.9%	1.9%	1.8%	1.8%

Specific allowance

At beginning of year	1,768,802	2,377,714	1,513,739	2,187,574
Amount vested over from RHB Delta Finance Berhad	-	-	142,534	-
Amount vested over to RHB Islamic Bank	-	-	-	(75,661)
Allowance made during the year	374,936	714,759	369,391	610,002
Transferred from allowance for commitments and contingencies	-	-	-	-
Transferred to accumulated impairment losses for securities	(11,345)	(12,332)	(11,345)	(12,332)
Amount recovered	(109,480)	(184,758)	(107,394)	(142,102)
Amount written off	(94,705)	(1,125,044)	(94,273)	(1,052,879)
Exchange difference	(1,388)	(1,537)	301	(863)
At end of year	1,926,820	1,768,802	1,812,953	1,513,739

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

12 Non-Performing Loans/Financing (NPL/NPF) (cont'd)

(iii) NPL/NPF by purpose

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Purchase of securities	59,592	76,025	59,537	75,905
Purchase of transport vehicles	383,667	295,827	379,091	557
Purchase of landed property :				
- Residential	1,258,107	1,135,648	1,085,347	978,088
- Non-residential	133,356	141,597	129,575	135,704
Purchase of property, plant and equipment other than land and building	122,758	104,634	60,269	581
Personal use	152,457	182,282	147,651	175,513
Credit card	44,676	36,500	44,676	36,500
Purchase of consumer durables	13,859	14,542	13,859	12,948
Construction	429,631	428,805	408,939	409,748
Merger and acquisition	-	-	-	-
Working capital	1,994,218	1,700,739	1,935,952	1,657,009
Others purpose	25,301	35,171	3,478	2,324
	4,617,622	4,151,770	4,268,374	3,484,877

Note :

The classification of loans, advances and financing/ NPLs by sector has been changed to loans, advances and financing/ NPLs by purpose in accordance with BNM's implementation of the Financial Institutions Statistical System ('FISS') version 3.5 release 2 effective from 30 April 2006, therefore no comparatives are disclosed.

13 Other Assets

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Other debtors, deposits and prepayments	266,899	191,992	179,477	160,350
Accrued interest receivable	155,645	152,660	144,584	137,825
Amount recoverable from BNM	1,563	1,705	-	-
Amount due from immediate holding company	28,838	28,254	28,478	27,894
Amounts due from subsidiaries	-	-	85,535	309,992
Amounts due from related companies	6,282	11,960	6,174	9,409
Derivative assets	94,341	43,838	92,416	43,563
	553,568	430,409	536,664	689,033

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

14 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Demand deposits	13,985,695	13,671,301	12,225,414	12,240,434
Savings deposits	4,752,610	4,722,989	4,285,141	4,190,874
Fixed/Investment deposits	30,194,281	28,276,770	24,323,150	22,521,116
Negotiable instrument of deposits	3,422,970	2,033,774	3,279,450	1,891,850
	52,355,556	48,704,834	44,113,155	40,844,274

(ii) By type of customer

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Government and statutory bodies	3,667,724	3,181,957	2,230,738	1,973,312
Business enterprises	24,978,545	21,805,579	19,076,750	17,153,977
Individuals	21,765,647	22,823,334	21,008,529	21,563,514
Others	1,943,640	893,964	1,797,138	153,471
	52,355,556	48,704,834	44,113,155	40,844,274

15 Deposits And Placements Of Banks And Other Financial Institutions

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Licensed banks	9,322,600	7,089,159	8,498,370	6,462,596
Licensed finance companies	-	62,770	-	62,770
Licensed merchant banks	186,483	438,787	14,650	438,787
Bank Negara Malaysia	1,049,650	948,947	1,049,407	948,695
Other financial institutions	614,813	2,057,994	351,080	1,857,890
	11,173,546	10,597,657	9,913,507	9,770,738

16 Other Liabilities

	Group		Bank	
	30 June 2006 RM'000	31 Dec 2005 RM'000	30 June 2006 RM'000	31 Dec 2005 RM'000
Accrued interest payable	325,857	314,599	301,391	270,062
Accruals for operational expenses	118,450	120,551	116,167	110,735
Amount due to holding company	383	1,783	383	1,783
Amounts due to subsidiaries	-	-	26,375	79,710
Amounts due to related companies	1,494	1,955	1,433	1,095
Amount due to BNM	280,896	256,738	280,896	256,681
Amount due to Danaharta	1,770	1,909	1,770	1,909
Finance lease	-	-	1,411	1,642
Prepaid instalment	56,856	51,594	56,856	1,356
Lessee deposits	85,654	80,935	570	12
Derivatives liabilities	72,724	66,059	66,302	54,253
Short term employee benefits	57,721	58,454	54,909	54,530
Other accruals and charges	493,377	409,299	379,424	240,455
	1,495,182	1,363,876	1,287,887	1,074,223

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

17 Interest Income

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
	<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Half Year Ended</u>	<u>Half Year Ended</u>
	<u>30 June 2006</u>	<u>30 June 2005</u>	<u>30 June 2006</u>	<u>30 June 2005</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans, advances and financing				
- Interest income other than recoveries from NPLs	667,726	555,541	1,313,430	1,095,068
- Recoveries from NPLs	53,650	43,455	99,557	73,925
Money at call and deposit placements with banks and other financial institutions	119,283	97,639	214,640	171,266
Securities held for trading	35,540	4,972	70,147	13,302
Securities available-for-sale	11,743	18,743	24,636	28,867
Securities held-to-maturity	138,414	94,237	268,856	193,409
Others	593	4,252	838	10,250
	<u>1,026,949</u>	<u>818,839</u>	<u>1,992,104</u>	<u>1,586,087</u>
Amortisation of premium less accretion of discount	(5,737)	(10,945)	(12,090)	(20,516)
Interest suspended clawback	(24,979)	(11,895)	(57,000)	(23,446)
Total interest income	<u>996,233</u>	<u>795,999</u>	<u>1,923,014</u>	<u>1,542,125</u>

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	<u>Current</u>	<u>Preceding</u>	<u>Current</u>	<u>Preceding</u>
	<u>Financial</u>	<u>Corresponding</u>	<u>Financial</u>	<u>Corresponding</u>
	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Half Year Ended</u>	<u>Half Year Ended</u>
	<u>30 June 2006</u>	<u>30 June 2005</u>	<u>30 June 2006</u>	<u>30 June 2005</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Loans, advances and financing				
- Interest income other than recoveries from NPLs	641,892	440,247	1,262,959	873,875
- Recoveries from NPLs	52,471	40,372	97,849	68,150
Money at call and deposit placements with banks and other financial institutions	118,278	103,843	207,052	179,793
Securities held for trading	32,404	2,824	64,027	9,343
Securities available-for-sale	11,464	11,493	24,081	21,092
Securities held-to-maturity	134,615	96,267	262,673	190,846
Others	580	77	825	2,132
	<u>991,704</u>	<u>695,123</u>	<u>1,919,466</u>	<u>1,345,231</u>
Amortisation of premium less accretion of discount	(5,737)	(10,279)	(12,091)	(19,283)
Interest suspended clawback	(24,584)	(10,159)	(56,450)	(19,609)
Total interest income	<u>961,383</u>	<u>674,685</u>	<u>1,850,925</u>	<u>1,306,339</u>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

18 Interest Expenses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
Deposits and placements of banks and other financial institutions	70,706	37,206	132,333	64,025
Deposits from customers	344,127	282,910	659,068	553,472
Short term borrowings	-	-	1	-
Subordinated obligations	22,720	23,163	45,483	46,174
Recourse obligation on loans sold to Cagamas Berhad	40,545	40,336	75,208	81,020
Obligations on securities sold under repurchase agreements	49,198	31,156	91,711	59,572
Others	8,886	7,822	16,015	15,509
	536,182	422,593	1,019,819	819,772

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
Deposits and placements of banks and other financial institutions	71,066	36,645	133,659	62,910
Deposits from customers	326,523	253,297	621,699	495,404
Subordinated obligations	22,720	23,162	45,483	46,174
Recourse obligation on loans sold to Cagamas Berhad	40,545	24,494	75,208	48,069
Obligations on securities sold under repurchase agreements	48,699	26,980	90,790	51,455
Others	8,920	8,179	16,081	16,145
	518,473	372,757	982,920	720,157

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

19 Other Operating Income

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
a) Fee Income				
Commission	29,459	26,401	56,617	50,641
Service charges and fees	33,724	33,953	64,261	66,932
Guarantee fees	9,709	5,103	18,048	10,766
Commitment fees	10,469	9,143	20,939	17,974
Underwriting fees	100	-	620	675
Other fee	3,451	3,870	6,724	7,181
	86,912	78,470	167,209	154,169
b) Gain/ (losses) arising from sale/ redemption of securities				
Net gain from sale of:				
- securities held for trading	409	4,129	4,099	6,550
- securities available-for-sale	(987)	3,090	(778)	31,456
Net gain from early redemption of securities held to maturity	-	-	-	5,282
	(578)	7,219	3,321	43,288
c) Gross dividend income from:				
Securities available-for-sale	1,671	1,302	1,676	1,302
Securities held-to-maturity	-	-	-	-
	1,671	1,302	1,676	1,302
d) Unrealised gain/ (losses) on revaluation of securities				
- Securities held for trading	163	(7,331)	(2,760)	(5,880)
- Derivatives	14,625	3,542	20,801	(9,687)
	14,788	(3,789)	18,041	(15,567)
e) Other income				
Foreign exchange gain/ (loss)				
- Realised	13,595	34,267	50,030	47,968
- Unrealised	25,205	(10,819)	22,911	(3,153)
Gain on disposal of property, plant and equipment	602	115	847	132
Other operating income	662	2,571	326	6,164
Other non-operating income	2,237	856	4,319	1,842
	42,301	26,990	78,433	52,953
Total other operating income	145,094	110,192	268,680	236,145

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

19 Other Operating Income

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
a) Fee Income				
Commission	29,295	26,007	56,265	49,714
Service charges and fees	32,995	31,866	61,929	61,122
Guarantee fees	9,709	5,103	18,048	10,766
Commitment fees	10,469	9,143	20,939	17,974
Underwriting fees	100	-	620	675
Other fee	3,116	3,889	6,463	7,216
	85,684	76,008	164,264	147,467
b) Gain/ (losses) arising from sale/ redemption of securities				
Net gain from sale of:				
- securities held for trading	409	4,129	3,813	6,550
- securities available-for-sale	(987)	3,090	(778)	31,455
Net gain from early redemption of securities held to maturity	-	-	-	5,282
	(578)	7,219	3,035	43,287
c) Gross dividend income from:				
Securities available-for-sale	1,671	1,254	1,676	1,254
Securities held-to-maturity	-	-	-	-
Subsidiary companies	46,340	34,055	46,340	34,055
	48,011	35,309	48,016	35,309
d) Unrealised gain/ (losses) on revaluation of securities				
- Securities held for trading	910	598	1,315	2,048
- Derivatives	9,065	(948)	13,766	(14,176)
	9,975	(350)	15,081	(12,128)
e) Other income				
Foreign exchange gain/ (loss)				
- Realised	13,183	33,624	48,044	46,872
- Unrealised	25,205	(10,808)	22,911	(3,139)
Gain on disposal of property, plant and equipment	599	41	844	47
Other operating income	395	2,400	(50)	5,836
Other non-operating income	2,041	836	3,807	1,480
	41,423	26,093	75,556	51,096
Total other operating income	184,515	144,279	305,952	265,031

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

20 Other Operating Expenses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	121,351	109,415	243,964	220,038
- Contributions to Employee Provident Fund	16,794	16,000	35,609	32,449
- Other staff related cost	37,345	11,566	47,005	24,600
	175,490	136,981	326,578	277,087
<u>Establishment costs</u>				
- Depreciation	18,482	23,314	42,329	46,978
- Rental of premises	10,436	10,007	20,522	20,358
- Rental equipment	2,796	1,462	4,297	2,809
- Insurance	5,061	2,146	10,864	4,282
- Water and electricity	3,482	3,747	6,899	7,081
- Repair and maintenance	10,144	10,858	19,446	20,938
- Information technology expenses	20,752	17,124	42,063	33,408
- Others	507	202	926	482
	71,660	68,860	147,346	136,336
<u>Marketing expenses</u>				
- Sale commission	3,598	6,928	7,680	8,098
- Advertisement and publicity	7,146	11,215	11,904	17,397
- Dealers' handling fees	9,904	12,080	21,131	23,409
- Warranty fees	1,284	1,304	2,447	2,435
- Others	5,379	3,156	9,825	5,735
	27,311	34,683	52,987	57,074
<u>Administration and general expenses</u>				
- Communication expenses	16,119	18,259	30,509	35,807
- Others	10,832	8,201	19,864	17,226
	26,951	26,460	50,373	53,033
	301,412	266,984	577,284	523,530

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

20 Other Operating Expenses

Bank

	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	113,969	100,520	229,756	202,917
- Contributions to Employee Provident Fund	15,707	14,504	33,529	29,622
- Other staff related cost	36,605	10,201	45,578	22,660
	166,281	125,225	308,863	255,199
<u>Establishment costs</u>				
- Depreciation	18,055	22,232	41,473	44,950
- Rental of premises	10,512	9,604	20,658	19,707
- Rental equipment	2,729	1,447	4,188	2,783
- Insurance	4,890	2,075	10,381	4,186
- Water and electricity	3,184	3,439	6,365	6,494
- Repair and maintenance	9,877	10,260	18,910	19,943
- Information technology expenses	20,530	17,133	39,184	33,350
- Others	1	1	1	13
	69,778	66,191	141,160	131,426
<u>Marketing expenses</u>				
- Sale commission	3,581	6,928	7,656	8,098
- Advertisement and publicity	6,278	8,401	10,626	14,354
- Dealers' handling fees	9,891	-	21,069	-
- Warranty fees	1,284	-	2,447	-
- Others	5,134	4,186	9,365	7,718
	26,168	19,515	51,163	30,170
<u>Administration and general expenses</u>				
- Communication expenses	15,114	15,121	28,874	31,290
- Others	3,240	(4,795)	5,026	902
	18,354	10,326	33,900	32,192
	280,581	221,257	535,086	448,987

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

21 Allowances For Losses On Loans And Financing

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
Allowance for losses on loans and financing				
Specific allowance				
- Made in the financial period	195,370	167,519	374,936	250,174
- Written back	(56,431)	(54,806)	(109,480)	(105,863)
General allowance				
- Made/(Written back) in the financial period	27,490	12,312	23,593	43,803
Bad debts on loans and financing				
- Made/(Written back) in the financial period	(15,676)	(6,383)	(28,298)	(12,497)
	<u>150,753</u>	<u>118,642</u>	<u>260,751</u>	<u>175,617</u>
Allowance/ (write-back) on amount recoverable from Danaharta during the period/year	-	(5,288)	-	(5,288)
	<u>150,753</u>	<u>113,354</u>	<u>260,751</u>	<u>170,329</u>

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
Allowance for losses on loans and financing				
Specific allowance				
- Made in the financial period	191,975	140,261	369,391	212,764
- Written back	(55,250)	(39,816)	(107,394)	(90,713)
General allowance				
- Made/(Written back) in the financial period	27,331	771	21,225	22,705
Bad debts on loans and financing				
- Recovered	(15,593)	(6,242)	(28,177)	(12,220)
	<u>148,463</u>	<u>94,974</u>	<u>255,045</u>	<u>132,536</u>
Allowance/ (write-back) on amount recoverable from Danaharta during the period/year	-	(5,288)	-	(5,288)
	<u>148,463</u>	<u>89,686</u>	<u>255,045</u>	<u>127,248</u>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

22 Allowance For Impairment Losses

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
Charged for the financial period				
- Securities available-for-sale	2,282	14,697	24,247	20,163
- Securities held-to-maturity	9,238	-	9,238	13,532
- Property, plant and equipment	-	-	-	-
Reversal for the financial period				
- Securities available-for-sale	(6,595)	(2,718)	(13,956)	(3,011)
- Securities held-to-maturity	(4,466)	(7,508)	(4,465)	(7,508)
	459	4,471	15,064	23,176

<u>Bank</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 RM'000
Charged for the financial period				
- Securities available-for-sale	2,282	14,697	24,247	20,163
- Securities held-to-maturity	9,238	-	9,238	13,532
- Property, plant and equipment	-	-	-	-
Reversal for the financial period				
- Securities available-for-sale	(6,596)	(2,718)	(13,956)	(3,011)
- Securities held-to-maturity	(4,465)	(3,618)	(4,465)	(3,618)
	459	8,361	15,064	27,066

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

23 Capital Adequacy

	Group		Bank	
	30/06/2006 RM'000	31/12/2005 RM'000	30/06/2006 RM'000	31/12/2005 RM'000
Tier I capital				
Paid-up ordinary share capital	1,949,986	1,949,986	1,949,986	1,949,986
Paid-up INCPS	1,368,099	1,368,099	1,368,099	1,368,099
Share premium	8,563	8,563	8,563	8,563
Retained profits	780,262	780,262	714,771	714,771
Other reserves	1,593,144	1,593,144	1,525,017	1,525,017
	<u>5,700,054</u>	<u>5,700,054</u>	<u>5,566,436</u>	<u>5,566,436</u>
Less : Goodwill	(1,004,017)	(1,004,017)	(905,519)	(892,012)
Deferred tax assets	(240,038)	(240,038)	(171,138)	(171,138)
Deferred tax liabilities	8	8	-	-
Total Tier I capital	<u>4,456,007</u>	<u>4,456,007</u>	<u>4,489,779</u>	<u>4,503,286</u>
Tier II capital				
Subordinated obligations	1,349,662	1,365,252	1,349,662	1,365,252
General allowance for bad and doubtful debts and financing	932,699	909,527	845,455	716,861
Total Tier II capital	<u>2,282,361</u>	<u>2,274,779</u>	<u>2,195,117</u>	<u>2,082,113</u>
Less : Investment in subsidiaries	-	-	(628,640)	(1,189,533)
Holdings of other banking institutions' capital instruments	(40,636)	(43,710)	(40,636)	(43,710)
Total capital base	<u>6,697,732</u>	<u>6,687,076</u>	<u>6,015,620</u>	<u>5,352,156</u>
Capital ratios				
Before proposed dividends:				
Core capital ratio	8.2%	8.6%	9.0%	10.6%
Risk-weighted capital ratio	12.3%	12.9%	12.0%	12.6%
After proposed dividends:				
Core capital ratio	8.0%	8.4%	8.8%	10.4%
Risk-weighted capital ratio	12.1%	12.8%	11.8%	12.5%

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

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

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

24 Commitments And Contingencies

Group	← 30/06/2006 →			← 31/12/2005 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,483,813	1,483,813	1,317,990	1,447,962	1,447,962	1,285,878
Transaction-related contingent items	1,391,995	695,998	457,975	1,143,457	571,730	451,548
Short-term self-liquidating trade related contingencies	2,177,665	435,533	253,690	1,978,963	395,793	211,859
Obligations under underwriting agreements	263,240	131,620	131,620	263,240	131,620	131,620
Housing loans sold directly and indirectly to Cagamas with recourse	42,837	42,837	21,419	44,062	44,062	22,031
Irrevocable commitments to extend credit :						
- maturity more than one year	3,689,002	1,844,502	1,588,961	3,418,856	1,709,427	1,377,879
- maturity less than one year	20,746,121	-	-	19,775,230	-	-
Foreign exchange related contracts						
- less than one year	9,133,240	171,084	67,543	7,905,085	116,061	38,091
- one year to less than five years	35,062	2,049	777	152,670	9,364	5,665
Interest rate related contracts						
- less than one year	444,910	2,909	637	344,000	601	120
- one year to less than five years	3,707,861	109,154	30,689	3,160,918	101,414	32,808
- more than five years	345,180	28,128	8,603	188,485	6,633	2,021
Miscellaneous	741,849	-	-	541,887	-	-
Total	44,202,775	4,947,627	3,879,904	40,364,815	4,534,667	3,559,520

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

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

24 Commitments And Contingencies (cont'd)

Bank	← 30/06/2006 →			← 31/12/2005 →		
	Principal amount	Credit equivalent amount *	Risk weighted amount	Principal amount	Credit equivalent amount *	Risk weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	1,483,813	1,483,813	1,317,990	1,447,947	1,447,947	1,285,863
Transaction-related contingent items	1,309,022	654,511	418,057	1,072,126	536,064	417,451
Short-term self-liquidating trade related contingencies	1,995,629	399,126	217,579	1,864,530	372,906	188,973
Obligations under underwriting agreements	213,240	106,620	106,620	213,240	106,620	106,620
Housing loans sold directly and indirectly to Cagamas with recourse	-	-	-	-	-	-
Irrevocable commitments to extend credit :						
- maturity more than one year	2,928,754	1,464,378	1,230,818	2,544,013	1,272,007	960,386
- maturity less than one year	19,388,335	-	-	18,488,906	-	-
Foreign exchange related contracts						
- less than one year	9,126,648	170,925	67,463	7,893,755	115,864	38,017
- one year to less than five years	35,062	2,049	777	152,670	9,363	5,665
Interest rate related contracts						
- less than one year	371,490	2,726	545	344,000	601	120
- one year to less than five years	3,597,731	106,951	29,588	2,971,933	97,256	30,729
- more than five years	248,614	19,968	4,523	165,807	4,318	863
Miscellaneous	724,732	-	-	523,721	-	-
Total	41,423,070	4,411,067	3,393,960	37,682,648	3,962,946	3,034,687

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

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

25 Off-Balance Sheet Financial Instruments

Value of contracts classified by remaining period to maturity/ next re-pricing date (whichever earlier).

Group

Items	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years	Margin requirement
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contract								
- forwards	4,400,325	2,053,249	1,191,192	743,449	389,510	22,925	-	-
- swaps	3,655,592	2,519,690	406,187	352,363	365,215	12,137	-	-
- options	374,863	155,289	38,394	159,844	21,336	-	-	-
- spots	425,189	425,189	-	-	-	-	-	-
- cross currency interest rate swaps	312,333	-	-	312,333	-	-	-	-
Interest rate related contracts								
- futures	50,000	-	30,000	20,000	-	-	-	45
- swaps	4,447,951	147,960	48,000	217,156	188,490	3,597,731	248,614	-
Total	13,666,253	5,301,377	1,713,773	1,805,145	964,551	3,632,793	248,614	45

Bank

Items	Principal Amount	1 month or less	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	> 1 - 5 years	> 5 years	Margin requirement
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange related contract								
- forwards	4,393,733	2,048,522	1,190,119	742,657	389,510	22,925	-	-
- swaps	3,655,592	2,519,690	406,187	352,363	365,215	12,137	-	-
- options	374,863	155,289	38,394	159,844	21,336	-	-	-
- spots	425,189	425,189	-	-	-	-	-	-
- cross currency interest rate swaps	312,333	-	-	312,333	-	-	-	-
Interest rate related contracts								
- futures	50,000	-	30,000	20,000	-	-	-	45
- swaps	4,167,835	-	48,000	85,000	188,490	3,597,731	248,614	-
Total	13,379,545	5,148,690	1,712,700	1,672,197	964,551	3,632,793	248,614	45

The Group do not have any transaction in respect of equity and commodity related contracts.

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

25 Off-Balance Sheet Financial Instruments (cont'd)

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

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 amount subject to market risk. Exposure to market risk may be reduced through offsetting on off-balance sheet positions. As at 30 June 2006, the amount of contracts which were not hedged and hence, exposed to market risk was RM389,669,398 (31.12.2005: RM169,462,353).

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 30 June 2006, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM128,981,546 (31.12.2005: RM75,812,252). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

Forward exchange related contracts

Unmatured forward exchange contracts are valued at forward rates as at the balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statements for the year. Positive fair value are carried as assets and negative fair value are as liabilities.

Interest rate related contracts

The Group and the Bank acts as an intermediary with counter parties who wish to swap their interest obligations. The Group and the Bank also uses interest rate swaps, futures and forward and option contracts in its trading account activities and in overall interest rate risk management.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

26 Interest/Profit Rate Risk

Group
30.06.2006

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short-term funds	12,192,818	-	-	-	-	707,090	-	12,899,908	3.67
Securities purchased under resale agreements	2,261,551	1,663,590	-	-	-	-	-	3,925,141	3.73
Deposits and placements with banks and other financial institutions	100,250	543,720	-	-	-	-	-	643,970	3.73
Securities held for trading	-	-	-	-	-	-	1,748,065	1,748,065	4.04
Securities available-for-sale	92,039	256,964	575,437	437,446	229,860	27,252	-	1,618,998	3.55
Securities held-to-maturity	2,247,363	5,085,022	2,439,386	4,031,885	2,553,819	(123,571)	-	16,233,904	3.66
Loans, advances & financing									6.90
- performing	27,465,971	6,042,110	3,758,602	8,213,947	2,142,617	158	-	47,623,405	
- non-performing	-	-	-	-	-	1,758,104	-	1,758,104	
Other assets	20,904	-	-	-	-	438,323	94,341	553,568	6.09
Tax recoverable	-	-	-	-	-	433	-	433	-
Deferred taxation assets	-	-	-	-	-	249,382	-	249,382	-
Statutory deposits	-	-	-	-	-	1,495,271	-	1,495,271	-
Investment in an associate	-	-	-	-	-	4,279	-	4,279	-
Property, plant and equipment	-	-	-	-	-	614,972	-	614,972	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
Total assets	44,380,896	13,591,406	6,773,425	12,683,278	4,926,296	6,175,710	1,842,406	90,373,417	
Liabilities									
Deposits from customers	21,163,473	5,434,298	12,030,258	483,903	174	13,243,450	-	52,355,556	2.97
Deposits and placements of banks & other financial institutions	5,305,102	3,767,481	940,903	1,076,860	82,462	738	-	11,173,546	3.62
Obligations on securities sold under repurchase agreements	8,737,096	1,493,416	30,376	-	-	-	-	10,260,888	3.09
Bills and acceptances payable	1,191,899	1,640,565	686,644	-	-	374,719	-	3,893,827	4.04
Recourse obligation on loans sold to Cagamas Berhad	-	214,774	628,549	2,655,441	221,798	-	-	3,720,562	4.43
Other liabilities	280,896	-	-	-	-	1,141,562	72,724	1,495,182	3.21
Provision for taxation and zakat	-	-	-	-	-	67,272	-	67,272	-
Deferred taxation liabilities	-	-	-	-	-	7	-	7	-
Long term borrowings	-	-	-	-	183,725	-	-	183,725	6.02
Subordinated obligations	-	-	-	1,349,662	-	-	-	1,349,662	6.63-6.85
	36,678,466	12,550,534	14,316,730	5,565,866	488,159	14,827,748	72,724	84,500,227	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,505,091	-	4,505,091	-
Total liabilities, INCPS and shareholders' equity	36,678,466	12,550,534	14,316,730	6,933,965	488,159	19,332,839	72,724	90,373,417	
Total interest-sensitivity gap	7,702,430	1,040,872	(7,543,305)	5,749,313	4,438,137	(13,157,129)	1,769,682	-	

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

26 Interest/Profit Rate Risk (cont'd)

Group

← Non-trading book →

31.12.2005

	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years	Non- interest sensitive	Trading book	Total	Effective interest rate %
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short-term funds	10,485,334	-	-	-	-	305,602	-	10,790,936	2.97
Securities purchased under resale agreements	907,147	1,252,377	59,967	-	-	-	-	2,219,491	3.00
Deposits and placements with banks and other financial institutions	250,000	2,181,441	50	-	-	-	-	2,431,491	3.07
Securities held for trading	-	-	-	-	-	-	1,761,937	1,761,937	3.23
Securities available-for-sale	145,143	430,281	424,569	678,608	153,426	63,553	-	1,895,580	3.46
Securities held-to-maturity	1,780,533	1,914,960	3,500,573	4,460,039	2,538,206	(115,722)	-	14,078,589	3.46
Loans, advances & financing									6.42
- performing	26,706,076	4,567,817	3,873,557	6,790,833	4,222,213	174	-	46,160,670	
- non-performing	-	-	-	-	-	1,473,441	-	1,473,441	
Other assets	20,904	-	-	-	-	365,667	43,838	430,409	4.92
Tax recoverable	-	-	-	-	-	17,449	-	17,449	-
Deferred taxation assets	-	-	-	-	-	240,038	-	240,038	-
Statutory deposits	-	-	-	-	-	1,619,025	-	1,619,025	-
Investment in an associate	-	-	-	-	-	4,198	-	4,198	-
Property, plant and equipment	-	-	-	-	-	628,239	-	628,239	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
Total assets	40,295,137	10,346,876	7,858,716	11,929,480	6,913,845	5,605,681	1,805,775	84,755,510	
Liabilities									
Deposits from customers	19,169,461	5,929,194	10,211,308	523,227	3,865	12,867,779	-	48,704,834	2.76
Deposits and placements of banks & other financial institutions	5,781,587	2,601,811	991,412	1,139,611	79,556	3,680	-	10,597,657	2.97
Obligations on securities sold under repurchase agreements	7,862,441	1,846,642	620,338	-	-	-	-	10,329,421	2.86
Bills and acceptances payable	1,094,038	1,329,676	550,901	-	-	338,445	-	3,313,060	3.31
Recourse obligation on loans sold to Cagamas Berhad	-	-	441,711	1,600,025	1,315,256	-	-	3,356,992	4.44
Other liabilities	256,681	-	-	-	-	1,041,136	66,059	1,363,876	2.85
Provision for taxation and zakat	-	-	-	-	-	19,214	-	19,214	-
Deferred taxation liabilities	-	-	-	-	-	8	-	8	-
Subordinated obligations	-	-	-	1,365,252	-	-	-	1,365,252	6.63-6.85
Total liabilities	34,164,208	11,707,323	12,815,670	4,628,115	1,398,677	14,270,262	66,059	79,050,314	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,337,097	-	4,337,097	-
Total liabilities, INCPS and shareholders' equity	34,164,208	11,707,323	12,815,670	5,996,214	1,398,677	18,607,359	66,059	84,755,510	
Total interest-sensitivity gap	6,130,929	(1,360,447)	(4,956,954)	5,933,266	5,515,168	(13,001,678)	1,739,716	-	

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

26 Interest/Profit Rate Risk (cont'd)

Bank

30.06.2006

	← Non-trading book →					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short-term funds	9,057,545	-	-	-	-	648,026	-	9,705,571	3.76
Securities purchased under resale agreements	2,261,551	1,663,590	-	-	-	-	-	3,925,141	3.73
Deposits and placements with banks and other financial institutions	250	415,235	-	-	183,725	-	-	599,210	3.77
Securities held for trading	-	-	-	-	-	-	1,003,621	1,003,621	3.93
Securities available-for-sale	91,440	256,964	432,686	401,741	229,860	25,068	-	1,437,759	3.51
Securities held-to-maturity	2,162,929	5,048,312	2,244,821	3,361,423	2,432,160	(123,571)	-	15,126,074	3.65
Loans, advances & financing									6.98
- performing	27,136,948	4,735,144	3,229,369	6,806,947	665,398	-	-	42,573,806	
- non-performing	-	-	-	-	-	1,649,063	-	1,649,063	
Other assets	20,904	-	-	-	-	423,344	92,416	536,664	6.09
Tax recoverable	-	-	-	-	-	-	-	-	-
Deferred taxation assets	-	-	-	-	-	215,890	-	215,890	-
Statutory deposits	-	-	-	-	-	1,306,642	-	1,306,642	-
Investment in subsidiaries	-	-	-	-	-	828,957	-	828,957	-
Property, plant and equipment	-	-	-	-	-	485,380	-	485,380	-
Goodwill	-	-	-	-	-	905,519	-	905,519	-
Total assets	40,731,567	12,119,245	5,906,876	10,570,111	3,511,143	6,364,318	1,096,037	80,299,297	
Liabilities									
Deposits from customers	16,040,587	4,414,277	11,076,983	361,286	-	12,220,022	-	44,113,155	3.06
Deposits and placements of banks & other financial institutions	4,741,476	3,438,668	671,748	978,009	82,287	1,319	-	9,913,507	3.62
Obligations on securities sold under repurchase agreements	8,737,096	1,456,706	30,376	-	-	-	-	10,224,178	3.09
Bills and acceptances payable	1,191,898	1,640,565	660,758	-	-	357,608	-	3,850,829	4.04
Recourse obligation on loans sold to Cagamas Berhad	-	214,774	628,549	2,655,441	221,798	-	-	3,720,562	4.43
Other liabilities	280,897	-	-	-	-	940,688	66,302	1,287,887	3.21
Provision for taxation and zakat	-	-	-	-	-	60,734	-	60,734	-
Deferred taxation liabilities	-	-	-	-	-	-	-	-	-
Long term borrowings	-	-	-	-	183,725	-	-	183,725	6.02
Subordinated obligations	-	-	-	1,349,662	-	-	-	1,349,662	6.63-6.85
Total liabilities	30,991,954	11,164,990	13,068,414	5,344,398	487,810	13,580,371	66,302	74,704,239	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,226,959	-	4,226,959	-
Total liabilities, INCPS and shareholders' equity	30,991,954	11,164,990	13,068,414	6,712,497	487,810	17,807,330	66,302	80,299,297	
Total interest-sensitivity gap	9,739,613	954,255	(7,161,538)	3,857,614	3,023,333	(11,443,012)	1,029,735	-	

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

26 Interest/Profit Rate Risk (cont'd)

Bank

31.12.2005

	Non-trading book					Non-interest sensitive	Trading book	Total	Effective interest rate
	Up to 1 month	> 1-3 months	> 3-12 months	1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short-term funds	12,310,212	-	-	-	-	229,189	-	12,539,401	3.00
Securities purchased under resale agreements	907,147	1,252,377	59,967	-	-	-	-	2,219,491	3.00
Deposits and placements with banks and other financial institutions	-	1,981,441	-	-	-	-	-	1,981,441	3.12
Securities held for trading	-	-	-	-	-	-	890,492	890,492	3.57
Securities available-for-sale	145,142	330,706	373,731	665,098	153,426	58,716	-	1,726,819	3.51
Securities held-to-maturity	1,693,600	1,855,220	3,390,899	3,576,927	2,442,883	(115,722)	-	12,843,807	3.43
Loans, advances & financing									6.34
- performing	26,008,032	3,743,632	3,255,878	2,614,844	173,892	-	-	35,796,278	
- non-performing	-	-	-	-	-	1,294,530	-	1,294,530	
Other assets	20,904	-	-	-	-	624,566	43,563	689,033	4.92
Deferred taxation assets	-	-	-	-	-	171,138	-	171,138	-
Statutory deposits	-	-	-	-	-	1,233,745	-	1,233,745	-
Investment in subsidiaries	-	-	-	-	-	1,389,849	-	1,389,849	-
Property, plant and equipment	-	-	-	-	-	486,433	-	486,433	-
Goodwill	-	-	-	-	-	892,012	-	892,012	-
Total assets	41,085,037	9,163,376	7,080,475	6,856,869	2,770,201	6,264,456	934,055	74,154,469	
Liabilities									
Deposits from customers	14,135,730	5,120,567	8,998,974	348,570	-	12,240,433	-	40,844,274	2.77
Deposits and placements of banks & other financial institutions	5,680,518	2,452,494	712,730	841,760	79,556	3,680	-	9,770,738	2.99
Obligations on securities sold under repurchase agreements	7,912,441	1,808,845	620,338	-	-	-	-	10,341,624	2.86
Bills and acceptances payable	1,075,424	1,319,615	545,540	-	-	338,445	-	3,279,024	3.31
Recourse obligation on loans sold to Cagamas Berhad	-	-	437,197	1,341,545	227,807	-	-	2,006,549	4.73
Other liabilities	256,681	-	-	-	-	763,289	54,253	1,074,223	2.85
Provision for taxation and zakat	-	-	-	-	-	15,675	-	15,675	-
Subordinated obligations	-	-	-	1,365,252	-	-	-	1,365,252	6.63 - 6.85
Total liabilities	29,060,794	10,701,521	11,314,779	3,897,127	307,363	13,361,522	54,253	68,697,359	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00
Shareholders' equity	-	-	-	-	-	4,089,011	-	4,089,011	-
Total liabilities, INCPS and shareholders' equity	29,060,794	10,701,521	11,314,779	5,265,226	307,363	17,450,533	54,253	74,154,469	
Total interest-sensitivity gap	12,024,243	(1,538,145)	(4,234,304)	1,591,643	2,462,838	(11,186,077)	879,802	-	

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

27 Segmental Reporting On Revenue And Profit

Group - 6 months ended 30 June 2006

	Wholesale Banking	Retail Banking	Treasury & Money Market	Islamic	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	807,507	811,803	568,751	93,198	4,359	-	2,285,618
Inter-segment revenue	6,627	-	8,329	-	1,952	(16,908)	-
Total revenue	<u>814,134</u>	<u>811,803</u>	<u>577,080</u>	<u>93,198</u>	<u>6,311</u>	<u>(16,908)</u>	<u>2,285,618</u>
Segment results	233,266	161,199	146,950	72,404	3,690	-	617,509
Subordinated obligations							(45,483)
Unallocated expenses							(160,052)
Profit from operations							<u>411,974</u>
Share of results of an associate							81
Profit before INCPS dividend and taxation							<u>412,055</u>
INCPS dividend							(67,843)
Taxation and zakat							(97,496)
Net profit for the period							<u><u>246,716</u></u>

Group - 6 months ended 30 June 2005

	Wholesale Banking	Retail Banking	Treasury & Money Market	Islamic	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	682,486	682,395	409,560	64,685	3,829	-	1,842,955
Inter-segment revenue	1,535	555	26,952	-	94	(29,136)	-
Total revenue	<u>684,021</u>	<u>682,950</u>	<u>436,512</u>	<u>64,685</u>	<u>3,923</u>	<u>(29,136)</u>	<u>1,842,955</u>
Segment results	184,850	125,061	134,671	39,561	3,200	-	487,343
Subordinated obligations							(46,175)
Unallocated expenses							(135,020)
Profit from operations							<u>306,148</u>
Share of results of an associate							145
Profit before INCPS dividend and taxation							<u>306,293</u>
INCPS dividend							(67,874)
Taxation and zakat							(60,981)
Net profit for the period							<u><u>177,438</u></u>

RHB BANK BERHAD

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

28 Valuation of Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited annual financial statements.

29 Events subsequent to Balance Sheet Date

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the interim financial statements.

30 Changes in the Composition of the Group

The significant change in the composition of the Group for the six months ended 30 June 2006 is summarised below:

Merger of RHB Bank and RHB Delta Finance's Operations ('BAFIN merger')

Following the regulatory approvals and High Court order obtained in December 2005 for the BAFIN Merger, with effect from 1 January 2006:

- (i) All assets and liabilities of RHB Delta Finance with the exception of the Islamic assets and liabilities, were transferred to RHB Bank;
- (ii) All businesses and operations of RHB Delta Finance is conducted through RHB Bank;
- (iii) The Islamic assets and liabilities of RHB Delta Finance were transferred to RHB Islamic Bank; and
- (iv) RHB Leasing Sdn Bhd and RHB Delta Nominees (Tempatan) Sdn Bhd has become direct subsidiaries of RHB Bank.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

31 Income from Islamic Banking Business

<u>Group</u>	<u>Individual Quarter</u>		<u>Cumulative Six Months</u>	
	Current Financial Quarter Ended 30 June 2006 RM'000	Preceding Corresponding Quarter Ended 30 June 2005 RM'000	Current Financial Half Year Ended 30 June 2006 RM'000	Preceding Corresponding Half Year Ended 30 June 2005 * RM'000
Income derived from investment of depositors' funds	78,272	58,734	147,620	119,752
Income derived from investment of shareholders' funds	11,363	18,420	25,475	25,305
Allowance for losses on financing, advances and other loans	(1,985)	(3,920)	(3,634)	(5,541)
Transfer (to)/from profit equalisation reserve	1,183	(6,331)	(617)	(13,009)
Total distributable income	88,833	66,903	168,844	126,507
Income attributable to depositors	(44,346)	(34,392)	(79,280)	(67,363)
Total net income	44,487	32,511	89,564	59,144
Personnel expenses	(5,745)	(3,783)	(10,870)	(6,187)
Other operating expenses	(13,603)	(17,000)	(28,404)	(20,671)
Profit before taxation and zakat	25,139	11,728	50,290	32,286
Taxation	(7,170)	(3,664)	(14,310)	(3,546)
Zakat	920	-	920	(1)
Net profit for the financial period	18,889	8,064	36,900	28,739
Total distributable income before allowances for losses on financing and advances	90,818	70,823	172,478	132,048
Income attributable to depositors	(44,346)	(34,392)	(79,280)	(67,363)
Income from Islamic Banking Business	46,472	36,431	93,198	64,685

* Note :

Islamic Banking business of RHB Bank was vested to RHB Islamic Bank subsisting as of 15 March 2005. The vesting took effect on 16 March 2005 which is also the date RHB Islamic Bank began its operation. The income statement above for the quarter ended 30 June 2005 is with respect to the Islamic Banking Business for 2 1/2 months up to 15 March 2005.

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NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006 (cont'd)

32 Changes in Profit for the Quarter

The Group recorded 6% lower profit before INCPS dividends, taxation and zakat of RM198,993K for the current quarter as compared to the preceeding quarter ended 31 March 2006 of RM213,017K. The decrease in profit was mainly due to higher allowances for losses on loans and financing.

33 Performance Review

The Group reported 34% higher profit before INCPS dividends, taxation and zakat of RM412,055K as compared to the corresponding period last year of RM306,293K, mainly a result of higher net interest income, partly offset by higher allowance for losses on loans and financing including collateral adjustments for NPLs 5 to 7 years (where 50% of the realisable value has been assigned as collateral value) and for NPLs more than 7 years (where no value is assigned as the realisable value of collateral).

34 Prospects for the Current Financial Year

The Bank continues to focus on product innovation and customer segmentation to better serve and meet customers' needs. The merger of RHB Delta Finance Berhad into the Bank effective 1 January 2006 will provide further opportunities to better serve customers. The physical delivery channel network will be realigned and repositioned based on market opportunities and customer segmentation. On the technology front, the Bank's objective is to provide a cost effective IT operating platform to support the Bank's business initiatives that emphasizes system availability, flexibility and scalability. Risk management will continue be a critical aspect of the Bank's operations as the Bank targets to comply with Basel II's Standardised Approach by 2007. The Bank is well positioned to adapt to the challenges faced in an outlook where interest rates could be rising and where the management of its cost of funds is of strategic importance.

35 Proposed Dividends

The directors proposed an interim dividend of 4.47% less tax in respect of current financial period amounting to RM62.7M.