

**RHB CAPITAL BERHAD**

(312952-H)

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**ANNOUNCEMENT OF UNAUDITED RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the unaudited results of the Group and Company for the three months ended 31 March 2006 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	Note	1st quarter ended		Three months ended	
		31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	979,513	795,792	979,513	795,792
Interest expense	A9	(527,533)	(449,880)	(527,533)	(449,880)
Net interest income		451,980	345,912	451,980	345,912
Other operating income	A10	167,157	175,031	167,157	175,031
		619,137	520,943	619,137	520,943
Income from Islamic Banking business		46,727	28,254	46,727	28,254
Net income		665,864	549,197	665,864	549,197
Other operating expenses	A11	(304,734)	(297,076)	(304,734)	(297,076)
Operating profit		361,130	252,121	361,130	252,121
Allowance for losses on loans and financing	A12	(115,948)	(63,994)	(115,948)	(63,994)
Impairment loss		(14,690)	(20,858)	(14,690)	(20,858)
		230,492	167,269	230,492	167,269
Share of results of associates		32	69	32	69
Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends, taxation and zakat					
INCPS dividends	A13	(27,234)	(27,234)	(27,234)	(27,234)
Profit after INCPS dividends and before taxation and zakat		203,290	140,104	203,290	140,104
Taxation	B5	(63,896)	(39,561)	(63,896)	(39,561)
Profit for the financial period		139,394	100,543	139,394	100,543
Attributable to:					
- Equity holders of the parent		101,141	69,705	101,141	69,705
- Minority interests		38,253	30,838	38,253	30,838
		139,394	100,543	139,394	100,543
Earnings per share					
- Basic (sen)	B13	5.5	3.8	5.5	3.8
- Fully diluted (sen)		n/a	n/a	n/a	n/a

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)

**CONDENSED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	Note	1st quarter ended		Three months ended	
		31 Mar	31 Mar	31 Mar	31 Mar
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	19,884	19,227	19,884	19,227
Interest expense	A9	(23,267)	(36,491)	(23,267)	(36,491)
Net interest expense		(3,383)	(17,264)	(3,383)	(17,264)
Other operating income	A10	154,466	237,007	154,466	237,007
Net income		151,083	219,743	151,083	219,743
Other operating expenses	A11	(4,038)	(9,401)	(4,038)	(9,401)
Profit before taxation		147,045	210,342	147,045	210,342
Taxation	B5	(41,040)	(61,858)	(41,040)	(61,858)
Profit for the financial period		106,005	148,484	106,005	148,484

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)
CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

	Note	As at <u>31 Mar 2006</u> RM'000	As at <u>31 Dec 2005</u> RM'000
Group			
ASSETS			
Cash and short term funds		14,364,075	11,364,271
Securities purchased under resale agreements		3,220,078	2,219,491
Deposits and placements with banks and other financial institutions		2,607,990	2,614,091
Securities held-for-trading	A14	3,063,511	3,368,967
Securities available-for-sale ('Securities AFS')	A15	2,007,353	2,161,147
Securities held-to-maturity	A16	15,781,432	13,913,301
Loans, advances and financing	A17	48,185,161	48,273,708
Clients' and brokers' balances		348,339	247,268
Other assets	A18	603,912	481,201
Amount due from holding company	A19	1,172,822	1,153,601
Statutory deposits		1,557,471	1,695,831
Tax recoverable		53,414	58,466
Deferred tax assets		242,607	247,505
Investments in associates		15,766	15,734
Property, plant and equipment		912,758	922,610
Goodwill		1,167,513	1,167,513
Total assets		<u>95,304,202</u>	<u>89,904,705</u>
LIABILITIES AND EQUITY			
Deposits from customers	A20/B9(a)	54,301,054	49,921,110
Deposits and placements of banks and other financial institutions	A21/B9(a)	9,897,385	11,028,831
Obligations on securities sold under repurchase agreements		12,342,210	10,942,799
Bills and acceptances payable		3,656,764	3,313,060
Clients' and brokers' balances		276,030	198,490
Other liabilities	A22	1,697,033	1,623,629
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,448,705	3,356,992
Taxation		58,506	26,412
Deferred tax liabilities		4,716	2,904
Borrowings	B9(b)	1,377,486	1,349,125
Subordinated obligations	B9(c)	1,515,891	1,530,252
INCPS		1,104,469	1,104,469
Total liabilities		<u>89,680,249</u>	<u>84,398,073</u>
Share capital		1,823,475	1,823,475
Reserves		2,386,540	2,417,683
Retained profits		381,189	251,397
		<u>4,591,204</u>	<u>4,492,555</u>
Minority interests		1,032,749	1,014,077
Total equity		<u>5,623,953</u>	<u>5,506,632</u>
Total liabilities and equity		<u>95,304,202</u>	<u>89,904,705</u>
Commitments and contingencies	A27	48,494,485	46,115,240
Net assets per share attributable to equity holders of the parent (RM)		<u>2.52</u>	<u>2.46</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)
CONDENSED BALANCE SHEET AS AT 31 MARCH 2006

<u>Company</u>	Note	As at 31 Mar 2006 RM'000	As at 31 Dec 2005 RM'000
ASSETS			
Cash and short term funds		125,519	1,695
Deposits and placements with banks and other financial institutions		1,138	87,574
Other assets	A18	110,648	39,467
Amount due from holding company	A19	1,172,822	1,153,601
Amounts due from subsidiaries		135,876	136,417
Tax recoverable		45,802	16,094
Investments in subsidiaries		6,780,246	6,780,246
Property, plant and equipment		1,888	2,028
Total assets		<u>8,373,939</u>	<u>8,217,122</u>
LIABILITIES AND EQUITY			
Other liabilities	A22	32,896	40,062
Amounts due to subsidiaries		3,341,572	3,339,412
Deferred tax liabilities		27,539	-
Borrowings	B9(b)	1,377,404	1,349,125
Total liabilities		<u>4,779,411</u>	<u>4,728,599</u>
Share capital		1,823,475	1,823,475
Reserves		1,114,593	1,114,593
Retained profits		656,460	550,455
Total equity		<u>3,594,528</u>	<u>3,488,523</u>
Total liabilities and equity		<u>8,373,939</u>	<u>8,217,122</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	Attributable to equity holders of the parent							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2006	1,823,475	1,114,593	1,292,229	6,431	8,563	(4,133)	251,397	4,492,555	1,014,077	5,506,632
Transfer in respect of statutory requirements	-	-	(32,268)	-	-	-	32,268	-	-	-
Net loss not recognised in the income statement - translation differences	-	-	-	-	-	-	(3,617)	(3,617)	(1,634)	(5,251)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(6,229)	-	(6,229)	(5,217)	(11,446)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	7,714	-	7,714	4,243	11,957
Deferred tax	-	-	-	-	-	(360)	-	(360)	296	(64)
Profit for the financial period	-	-	-	-	-	-	101,141	101,141	38,253	139,394
Total recognised income and expenses for the period	1,823,475	1,114,593	1,259,961	6,431	8,563	(3,008)	381,189	4,591,204	1,050,018	5,641,222
Dividends paid to minority interests	-	-	-	-	-	-	-	-	(17,269)	(17,269)
Balance as at 31 March 2006	1,823,475	1,114,593	1,259,961	6,431	8,563	(3,008)	381,189	4,591,204	1,032,749	5,623,953

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	Attributable to equity holders of the parent							Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
							Sub-total			
							RM'000	RM'000	RM'000	
Group										
Balance as at 1 January 2005	1,823,475	1,114,593	1,171,771	(8,693)	8,563	(9,727)	112,397	4,212,379	945,646	5,158,025
Net loss not recognised in the income statement - translation differences	-	-	-	-	-	-	(984)	(984)	(520)	(1,504)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(4,311)	-	(4,311)	(90)	(4,401)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(6,146)	-	(6,146)	(301)	(6,447)
Deferred tax	-	-	-	-	-	2,928	-	2,928	108	3,036
Profit for the financial period	-	-	-	-	-	-	69,705	69,705	30,838	100,543
Total recognised income and expenses for the period	1,823,475	1,114,593	1,171,771	(8,693)	8,563	(17,256)	181,118	4,273,571	975,681	5,249,252
Dividends paid to minority interests	-	-	-	-	-	-	-	-	(28,962)	(28,962)
Balance as at 31 March 2005	1,823,475	1,114,593	1,171,771	(8,693)	8,563	(17,256)	181,118	4,273,571	946,719	5,220,290

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	<u>Share capital</u> RM'000	<u>Non- distributable Share premium</u> RM'000	<u>Distributable Retained profits</u> RM'000	<u>Total</u> RM'000
<u>Company</u>				
Balance as at 1 January 2006	1,823,475	1,114,593	550,455	3,488,523
Profit for the financial period	-	-	106,005	106,005
Balance as at 31 March 2006	<u>1,823,475</u>	<u>1,114,593</u>	<u>656,460</u>	<u>3,594,528</u>
Balance as at 1 January 2005	1,823,475	1,114,593	426,685	3,364,753
Profit for the financial period	-	-	148,484	148,484
Balance as at 31 March 2005	<u>1,823,475</u>	<u>1,114,593</u>	<u>575,169</u>	<u>3,513,237</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	3 months ended 31 Mar 2006 RM'000	3 months ended 31 Mar 2005 RM'000
Group		
Operating activities		
Profit before INCPS dividends, taxation and zakat	230,524	167,338
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	78,115	16,584
Operating profit before working capital changes	308,639	183,922
Net changes in operating assets	(871,790)	(2,623,917)
Net changes in operating liabilities	5,197,030	1,253,216
Cash generated from/(used in) operations	4,633,879	(1,186,779)
Taxation and zakat paid	(19,300)	(49,285)
Taxation recovered	-	10
Net cash generated from/(used in) operating activities	4,614,579	(1,236,054)
Investing activities		
Net (purchase)/sale of securities	(1,731,105)	2,971,644
Interest received from securities	121,323	92,499
Proceeds from disposal of property, plant and equipment	326	416
Dividend income received from securities	1,265	194
Purchase of property, plant and equipment	(17,579)	(17,272)
Increase in investment in an associate	-	(20)
Net cash (used in)/generated from investing activities	(1,625,770)	3,047,461
Financing activities		
Drawdown of borrowings	32,280	635,000
Repayment of borrowings	-	(538,700)
Dividends paid to minority interests in subsidiaries	(17,269)	(28,962)
Payment to hire-purchase creditors	(97)	(91)
Net cash generated from financing activities	14,914	67,247
Net increase in cash and cash equivalents	3,003,723	1,878,654
Cash and cash equivalents		
- at the beginning of the financial period	11,360,098	12,698,295
- at the end of the financial period	14,363,821	14,576,949
Cash and cash equivalents comprise the following:		
Cash and short term funds	14,364,075	14,578,181
Overdrafts	(254)	(1,232)
	14,363,821	14,576,949

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

RHB CAPITAL BERHAD (312952 – H)
**CONDENSED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	3 months ended 31 Mar 2006	3 months ended 31 Mar 2005
	RM'000	RM'000
<u>Company</u>		
Operating activities		
Profit before taxation	147,045	210,342
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(151,032)</u>	<u>(223,168)</u>
Operating loss before working capital changes	(3,987)	(12,826)
Net changes in operating assets	86,809	(155,781)
Net changes in operating liabilities	<u>(7,937)</u>	<u>(5,703)</u>
Net cash generated from/(used in) operating activities	<u>74,885</u>	<u>(174,310)</u>
Investing activities		
Dividend income received from subsidiaries	40,295	156,498
Interest income received	464	622
Purchase of property, plant and equipment	<u>(39)</u>	<u>(38)</u>
Net cash generated from investing activities	<u>40,720</u>	<u>157,082</u>
Financing activities		
Drawdown of borrowings	32,280	600,000
Repayment of borrowings	-	(523,700)
Interest expense paid	(19,963)	(14,321)
Payment to hire-purchase creditors	<u>(97)</u>	<u>(91)</u>
Net cash generated from financing activities	<u>12,220</u>	<u>61,888</u>
Net increase in cash and cash equivalents	127,825	44,660
Cash and cash equivalents		
- at the beginning of the financial period	<u>(2,478)</u>	74,852
- at the end of the financial period	<u>125,347</u>	<u>119,512</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	125,519	119,597
Overdrafts	<u>(172)</u>	<u>(85)</u>
	<u>125,347</u>	<u>119,512</u>

This Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the Financial Reporting Standards ('FRS') 134, 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board ('MASB') and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited financial statements of the Group and the Company for the last financial year ended 31 December 2005.

The accounting policies and presentation adopted by the Group and the Company for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2005 except for the adoption of 18 new and revised FRS standards and other interpretations issued by MASB that are effective for financial statements commencing 1 January 2006.

The adoption of the new FRS and other interpretations do not have any significant financial impact on the results of the Group and the Company other than the effect of restatement of the comparative figures as disclosed in A31.

The basis for determining impairment loss on loans, advances and financing are computed based on Guidelines on Classification of Non-performing Loans ('NPLs') and Provision for Substandard, Bad and Doubtful Debts (BNM/GP3) requirements.

A2. Audit Report

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

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the three months ended 31 March 2006.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period.

A6. Changes in Debt and Equity Securities

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the three months ended 31 March 2006.

A7. Dividends Paid

No dividend was paid during the three months ended 31 March 2006.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
A8. Interest Income				
<u>Group</u>				
Loans, advances and financing				
- interest income other than recoveries from NPLs	653,547	549,837	653,547	549,837
- recoveries from NPLs	46,483	30,772	46,483	30,772
Money at call, deposits and placements with financial institutions	101,566	80,348	101,566	80,348
Securities held-for-trading	47,963	12,625	47,963	12,625
Securities AFS	16,174	15,898	16,174	15,898
Securities held-to-maturity	129,527	103,868	129,527	103,868
Margin financing	1,832	2,173	1,832	2,173
Others	19,734	20,993	19,734	20,993
	1,016,826	816,514	1,016,826	816,514
Amortisation of premium less accretion of discount	(5,292)	(9,114)	(5,292)	(9,114)
Interest suspended	(32,021)	(11,608)	(32,021)	(11,608)
	979,513	795,792	979,513	795,792
<u>Company</u>				
Money at call, deposits and placements with financial institutions	663	844	663	844
Others	19,221	18,383	19,221	18,383
	19,884	19,227	19,884	19,227

A9. Interest Expense

<u>Group</u>				
Deposits and placements of banks and other financial institutions	71,710	35,715	71,710	35,715
Deposits from customers	323,160	278,985	323,160	278,985
Borrowings	22,174	33,505	22,174	33,505
Subordinated obligations	26,099	26,347	26,099	26,347
Recourse obligation on loans sold to Cagamas	34,662	40,684	34,662	40,684
Others	49,728	34,644	49,728	34,644
	527,533	449,880	527,533	449,880

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
A9. Interest Expense (continued)				
<u>Company</u>				
Borrowings	22,134	33,156	22,134	33,156
Others	1,133	3,335	1,133	3,335
	23,267	36,491	23,267	36,491
A10. Other Operating Income				
<u>Group</u>				
(a) Fee income				
Service charges and fees	30,591	33,042	30,591	33,042
Commission	26,322	22,335	26,322	22,335
Brokerage	14,021	14,701	14,021	14,701
Commitment fees	10,534	8,947	10,534	8,947
Guarantee fees	8,689	6,195	8,689	6,195
Unit trust fee income	5,834	6,554	5,834	6,554
Corporate advisory fees	1,960	2,624	1,960	2,624
Fund management fees	1,716	1,792	1,716	1,792
Underwriting fees	1,452	1,498	1,452	1,498
Arrangement fees	1,040	232	1,040	232
Rollover fees	449	304	449	304
Placement fees	81	127	81	127
Other fee income	3,341	3,878	3,341	3,878
	106,030	102,229	106,030	102,229
(b) Net gain arising from sale/ redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	4,830	3,654	4,830	3,654
- securities AFS	2,647	35,210	2,647	35,210
Net gain from redemption of				
- securities held-to-maturity	56	10,456	56	10,456
Derivatives	175	-	175	-
	7,708	49,320	7,708	49,320
(c) Unrealised gain/(loss) on revaluation of securities and derivatives				
Securities held-for-trading	(3,635)	26	(3,635)	26
Derivatives	8,797	(12,876)	8,797	(12,876)
	5,162	(12,850)	5,162	(12,850)
(d) Gross dividend income from				
Securities held-for-trading	1,568	270	1,568	270
Securities AFS	5	-	5	-
Securities held-to-maturity	184	-	184	-
	1,757	270	1,757	270

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
<u>Group (continued)</u>				
(e) Other income				
Foreign exchange gain/(loss)				
- realised	36,662	13,699	36,662	13,699
- unrealised	(2,077)	7,469	(2,077)	7,469
Underwriting surplus before management expenses	6,963	7,575	6,963	7,575
Rental income	735	732	735	732
Net gain on disposal of property, plant and equipment	322	348	322	348
Other operating income	2,076	5,832	2,076	5,832
Other non-operating income	1,819	407	1,819	407
	<u>46,500</u>	<u>36,062</u>	<u>46,500</u>	<u>36,062</u>
	<u>167,157</u>	<u>175,031</u>	<u>167,157</u>	<u>175,031</u>
<u>Company</u>				
(a) Gross dividend income from Subsidiaries				
	<u>154,317</u>	<u>237,233</u>	<u>154,317</u>	<u>237,233</u>
(b) Other income				
Unrealised foreign exchange loss	(138)	(226)	(138)	(226)
Other operating income	270	-	270	-
Other non-operating income	17	-	17	-
	<u>149</u>	<u>(226)</u>	<u>149</u>	<u>(226)</u>
	<u>154,466</u>	<u>237,007</u>	<u>154,466</u>	<u>237,007</u>

RHB CAPITAL BERHAD (312952 – H)
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	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- salaries, bonus, wages and allowances	136,955	130,943	136,955	130,943
- defined contribution plan	21,102	19,185	21,102	19,185
- other staff related costs	9,683	13,552	9,683	13,552
	<u>167,740</u>	<u>163,680</u>	<u>167,740</u>	<u>163,680</u>
Establishment costs				
- depreciation	27,466	26,538	27,466	26,538
- information technology expenses	22,534	17,225	22,534	17,225
- repair and maintenance	10,368	10,661	10,368	10,661
- rental of premises	7,779	8,030	7,779	8,030
- water and electricity	3,658	3,579	3,658	3,579
- insurance	3,083	136	3,083	136
- rental of equipment	1,665	1,686	1,665	1,686
- others	1,247	2,974	1,247	2,974
	<u>77,800</u>	<u>70,829</u>	<u>77,800</u>	<u>70,829</u>
Marketing expenses				
- dealers' handling fee	11,227	11,265	11,227	11,265
- advertisements and publicity	5,564	7,061	5,564	7,061
- sales commission	5,282	2,649	5,282	2,649
- others	7,245	5,271	7,245	5,271
	<u>29,318</u>	<u>26,246</u>	<u>29,318</u>	<u>26,246</u>
Administration and general expenses				
- communication expenses	15,909	18,431	15,909	18,431
- legal and professional fee	2,225	4,606	2,225	4,606
- others	11,742	13,284	11,742	13,284
	<u>29,876</u>	<u>36,321</u>	<u>29,876</u>	<u>36,321</u>
	<u>304,734</u>	<u>297,076</u>	<u>304,734</u>	<u>297,076</u>

RHB CAPITAL BERHAD (312952 – H)
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FOR THE THREE MONTHS ENDED 31 MARCH 2006

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
Company				
Personnel costs				
- salaries, bonus, wages and allowances	1,820	4,486	1,820	4,486
- defined contribution plan	224	701	224	701
- other staff related costs	518	549	518	549
	<u>2,562</u>	<u>5,736</u>	<u>2,562</u>	<u>5,736</u>
Establishment costs				
- rental of premises	362	354	362	354
- depreciation	179	136	179	136
- repair and maintenance	88	71	88	71
- information technology expenses	32	4	32	4
- water and electricity	11	10	11	10
- rental of equipment	11	9	11	9
	<u>683</u>	<u>584</u>	<u>683</u>	<u>584</u>
Marketing expenses				
- advertisements and publicity	-	279	-	279
- others	234	158	234	158
	<u>234</u>	<u>437</u>	<u>234</u>	<u>437</u>
Administration and general expenses				
- legal and professional fee	332	2,311	332	2,311
- communication expenses	139	72	139	72
- others	88	261	88	261
	<u>559</u>	<u>2,644</u>	<u>559</u>	<u>2,644</u>
	<u>4,038</u>	<u>9,401</u>	<u>4,038</u>	<u>9,401</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
A12. Allowance for Losses on Loans and Financing				
<u>Group</u>				
Allowance for bad and doubtful debts				
- specific allowance made	187,962	89,742	187,962	89,742
- specific allowance written back	(54,946)	(51,415)	(54,946)	(51,415)
- specific allowance (net)	133,016	38,327	133,016	38,327
- general allowance (net)	(4,422)	31,682	(4,422)	31,682
Bad debts written off	-	117	-	117
Bad debts recovered	(12,646)	(6,132)	(12,646)	(6,132)
	115,948	63,994	115,948	63,994
A13. INCPS Dividends				
<u>Group</u>				
INCPS dividends payable				
- 10% per annum (gross)	27,234	27,234	27,234	27,234

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	Group	
	As at	As at
	31 Mar 2006	31 Dec 2005
	RM'000	RM'000
A14. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Singapore government stocks	289,623	317,799
Malaysian government securities	175,852	25,030
Government investment issues	49,975	208,084
Khazanah bonds	47,131	198,389
Unquoted		
Private debt securities	836,643	800,332
Bankers' acceptances and Islamic accepted bills	830,145	763,727
Fixed rate notes	239,260	249,057
Negotiable instrument of deposits	129,997	59,994
Bank Negara Malaysia ('BNM') bills	114,589	444,592
Malaysian government treasury bills	70,528	20,654
Foreign corporate bonds	10,753	-
	<u>2,794,496</u>	<u>3,087,658</u>
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	41,191	44,008
Unit trust	3,777	4,416
Outside Malaysia		
Other government securities	121,223	126,856
Bonds	102,160	105,289
Shares	339	424
<u>UNQUOTED SECURITIES:</u>		
Outside Malaysia		
Shares	325	316
	<u>3,063,511</u>	<u>3,368,967</u>

**RHB CAPITAL BERHAD (312952 – H)
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	Group	
	As at 31 Mar 2006	As at 31 Dec 2005
	RM'000	RM'000
A15. Securities Available-for-sale ('Securities AFS')		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Cagamas bonds and Cagamas Mudharabah bonds	569,995	585,534
Government investment issues	34,487	-
Singapore government stocks	11,309	-
Unquoted		
Private debt securities	609,044	736,520
Malaysian government treasury bills	119,706	42,534
Bankers' acceptances and Islamic accepted bills	16,692	-
BNM bills	6,553	99,575
Other government securities	4,724	4,546
Singapore government treasury bills	-	56,761
	1,372,510	1,525,470
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	68,132	74,849
Shares	56,633	44,353
Malaysian government securities	22,090	22,134
Private debt securities	4,918	4,433
Outside Malaysia		
Floating rate notes	305	313
Shares	144	135
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	185,519	193,691
Shares	172,773	168,152
Corporate debt securities	91,162	85,350
Private debt securities	29,096	38,386
Outside Malaysia		
Private debt securities	3,488	3,298
Shares	345	345
Trading rights	238	238
	2,007,353	2,161,147

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Group	
	As at	As at
	31 Mar 2006	31 Dec 2005
	RM'000	RM'000
A16. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government securities	2,413,604	2,424,601
Cagamas bonds and Cagamas Mudharabah bonds	775,931	656,125
Khazanah bonds	617,769	635,686
Unquoted		
Negotiable instrument of deposits	6,692,000	5,367,009
Prasarana bonds	2,082,008	2,052,791
Private debt securities	1,487,467	1,226,572
Bankers' acceptances and Islamic accepted bills	803,864	714,033
Other government securities	175,318	140,747
Malaysian government treasury bills	73,993	73,406
Thailand government treasury bills	18,642	47,235
	15,140,596	13,338,205
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Floating rate notes	97,679	100,162
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	394,613	399,183
Corporate loan stocks	188,377	187,992
Bonds	29,070	29,070
Shares	2,700	2,700
Promissory notes	-	375
Outside Malaysia		
Credit link notes	73,720	37,796
Callable range accrual notes	36,859	-
	15,963,614	14,095,483
Accumulated impairment loss	(182,182)	(182,182)
	15,781,432	13,913,301

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Group	
	As at 31 Mar 2006 RM'000	As at 31 Dec 2005 RM'000
A17. Loans, Advances and Financing		
Overdrafts	6,624,885	6,465,593
Term loans/financing		
- housing loans/financing	11,882,848	11,706,298
- syndicated term loans/financing	2,310,749	2,335,285
- hire-purchase receivables	8,328,578	7,669,206
- lease receivables	295,884	295,953
- other term loans/financing	10,476,817	11,438,603
Bills receivable	1,660,075	1,628,524
Trust receipts	490,694	498,867
Claims on customers under acceptance credits	4,278,290	4,124,751
Staff loans/financing	422,430	425,831
Credit/charge cards receivables	1,023,075	994,954
Revolving credits	4,599,815	4,707,948
	<u>52,394,140</u>	<u>52,291,813</u>
Unearned interest and income	<u>(1,395,087)</u>	<u>(1,281,394)</u>
Gross loans, advances and financing	50,999,053	51,010,419
Allowance for bad and doubtful debts and financing		
- general	(916,193)	(921,583)
- specific	<u>(1,897,699)</u>	<u>(1,815,128)</u>
Net loans, advances and financing	<u>48,185,161</u>	<u>48,273,708</u>

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

	Group	
	As at	As at
	31 Mar 2006	31 Dec 2005
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(a) By type of customers		
Domestic non-bank financial institutions		
- stockbroking companies	2,883	2,862
- others	1,658,781	1,538,252
Domestic business enterprises		
- small medium enterprises	11,274,204	9,094,506
- others	15,371,630	18,564,041
Government and statutory bodies	163,719	167,350
Individuals	21,461,603	21,173,785
Other domestic entities	393,585	54,419
Foreign entities	672,648	415,204
	<u>50,999,053</u>	<u>51,010,419</u>
(b) By interest/profit rate sensitivity		
Fixed rate		
- housing loans/financing	1,434,245	1,447,587
- hire-purchase receivables	6,994,213	6,485,481
- other fixed rate loans/financing	2,972,460	2,965,560
Variable rate		
- base lending rate plus	19,311,705	19,155,385
- cost-plus	16,047,663	16,761,171
- other variable rates	4,238,767	4,195,235
	<u>50,999,053</u>	<u>51,010,419</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Group	
	As at 31 Mar 2006	As at 31 Dec 2005
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(c) By sector		
Agriculture, hunting, forestry and fishing	2,166,865	2,002,593
Mining and quarrying	93,794	89,257
Manufacturing	9,591,091	9,432,189
Electricity, gas and water	540,432	483,322
Construction	2,668,543	2,895,777
Real estate	1,300,927	1,302,063
Purchase of landed property:		
- residential	12,357,620	12,221,500
- non-residential	1,116,111	1,073,864
Wholesale & retail trade and restaurants & hotels	5,827,653	5,768,925
Transport, storage and communication	1,548,299	2,809,321
Finance, insurance and business services	2,776,909	2,544,843
Purchase of securities	2,119,471	2,005,575
Purchase of transport vehicles	4,840,259	4,449,684
Consumption credit	2,834,103	2,812,850
Others	1,216,976	1,118,656
	50,999,053	51,010,419

(d) NPLs by sector

Agriculture, hunting, forestry and fishing	28,233	26,326
Mining and quarrying	2,209	2,102
Manufacturing	918,778	702,227
Electricity, gas and water	210,172	210,255
Construction	482,901	497,646
Real estate	309,463	312,341
Purchase of landed property:		
- residential	1,192,917	1,173,786
- non-residential	161,991	167,653
Wholesale & retail trade and restaurants & hotels	256,883	221,653
Transport, storage and communication	79,092	73,585
Finance, insurance and business services	313,852	287,889
Purchase of securities	87,528	109,823
Purchase of transport vehicles	306,357	262,348
Consumption credit	197,088	199,914
Others	92,712	84,407
	4,640,176	4,331,955

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

	Group	
	As at 31 Mar 2006	As at 31 Dec 2005
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(e) Movements in NPLs are as follows:		
Balance as at the beginning of the financial period/year	4,331,955	5,119,057
Classified as non-performing during the financial period/year	1,112,193	2,523,170
Amount recovered	(176,694)	(391,096)
Reclassified as performing during the financial period/year	(575,912)	(1,695,732)
Amount written off	(46,307)	(1,190,825)
Loans/financing converted to securities	(3,380)	(29,131)
Exchange difference	(1,679)	(3,488)
Balance as at the end of the financial period/year	<u>4,640,176</u>	<u>4,331,955</u>
Specific allowance	<u>(1,897,699)</u>	<u>(1,814,999)</u>
Net NPLs	<u>2,742,477</u>	<u>2,516,956</u>
Ratio of net NPLs, advances and financing as % of gross loans, advances and financing less specific allowance	<u>5.58%</u>	<u>5.11%</u>
(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:		
<u>General allowance</u>		
Balance as at the beginning of the financial period/year	921,583	824,954
Net allowance (written back)/made during the financial period/year	(4,455)	97,689
Exchange difference	(935)	(1,060)
Balance as at the end of the financial period/year	<u>916,193</u>	<u>921,583</u>
As % of gross loans, advances and financing less specific allowance	<u>1.86%</u>	<u>1.87%</u>
<u>Specific allowance</u>		
Balance as at the beginning of the financial period/year	1,815,128	2,455,523
Allowance made during the financial period/year	186,921	757,958
Transferred to accumulated impairment loss in value of securities	(3,380)	(12,498)
Amount recovered	(53,187)	(186,810)
Amount written off	(46,399)	(1,197,510)
Exchange difference	(1,384)	(1,535)
Balance as at the end of the financial period/year	<u>1,897,699</u>	<u>1,815,128</u>

RHB CAPITAL BERHAD (312952 – H)
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	Group		Company	
	As at	As at	As at	As at
	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000	RM'000	RM'000
A18. Other Assets				
Other debtors, deposits and prepayments	315,135	266,964	39,610	39,441
Accrued interest receivable	202,325	166,683	224	26
Derivatives	86,452	47,554	-	-
Dividends receivable	-	-	70,814	-
	<u>603,912</u>	<u>481,201</u>	<u>110,648</u>	<u>39,467</u>

A19. Amount Due from Holding Company

During the three months ended 31 March 2006, there were no advances made by the Company to its holding company, Rashid Hussain Berhad. The amount due from holding company is unsecured, carries an interest rate of 0.2% per annum above the Company's average cost of funds and is repayable on demand.

	Group	
	As at	As at
	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000
A20. Deposits from Customers		
(a) By type of deposits		
Demand deposits	14,097,627	13,641,429
Savings deposits	4,807,430	4,722,989
Fixed deposits	30,350,675	29,522,918
Negotiable instrument of deposits	5,045,322	2,033,774
	<u>54,301,054</u>	<u>49,921,110</u>
(b) By type of customers		
Government and statutory bodies	3,401,926	3,181,956
Business enterprises	27,297,587	22,649,695
Individuals	23,311,158	22,823,334
Others	290,383	1,266,125
	<u>54,301,054</u>	<u>49,921,110</u>

A21. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	7,149,252	7,179,159
Licensed finance companies	-	62,770
Licensed merchant banks	579,561	523,788
BNM	1,035,851	948,947
Other financial institutions	1,132,721	2,314,167
	<u>9,897,385</u>	<u>11,028,831</u>

RHB CAPITAL BERHAD (312952 – H)
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	Group		Company	
	As at	As at	As at	As at
	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>	<u>31 Mar 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000	RM'000	RM'000
A22. Other Liabilities				
Other creditors and accruals	507,738	444,172	5,221	7,972
Accrued interest payable	376,346	347,041	26,148	30,466
Amount due to BNM	269,786	256,738	-	-
Accruals for operational expenses	115,746	146,772	-	-
General insurance fund	133,653	130,055	-	-
Short term employee benefits	46,568	83,015	-	-
Lessee deposits	81,796	80,935	-	-
Hire-purchase instalment received in advance	52,363	51,594	-	-
Remisiers' trust deposits	10,250	8,954	-	-
Amount due to Danaharta	1,693	1,909	-	-
Hire-purchase creditors	1,527	1,624	1,527	1,624
Amount payable for creation of units due to funds	1,557	865	-	-
Credit Guarantee Corporation Funding Program	-	704	-	-
Derivatives	98,010	69,251	-	-
	<u>1,697,033</u>	<u>1,623,629</u>	<u>32,896</u>	<u>40,062</u>

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

A23. Segment Information

Revenue and Results

Three months ended 31 March 2006

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
External revenue	402,105	395,754	287,648	46,727	3,176	25,114	11,725	21,148	-	1,193,397
Intersegment revenue	3,673	863	4,043	-	5	-	4,021	6,008	(18,613)	-
Segment revenue	<u>405,778</u>	<u>396,617</u>	<u>291,691</u>	<u>46,727</u>	<u>3,181</u>	<u>25,114</u>	<u>15,746</u>	<u>27,156</u>	<u>(18,613)</u>	<u>1,193,397</u>
Profit before unallocated expenses	100,915	89,433	86,945	37,268	1,552	10,926	9,440	16,684		353,163
Unallocated expenses										(122,671)
Profit after unallocated expenses										230,492
Share of results of associates	-	-	-	-	-	36	-	(4)		32
Profit before INCPS dividends, taxation and zakat										230,524
INCPS dividends										(27,234)
Profit after INCPS dividends and before taxation and zakat										203,290
Taxation and zakat										(63,896)
Profit for the financial period										<u>139,394</u>

**RHB CAPITAL BERHAD (312952 – H)
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A23. Segment Information (continued)

Revenue and Results

Three months ended 31 March 2005

	Wholesale banking	Retail banking	Treasury and money market	Islamic Banking business	Financial advisory and underwriting	Stockbroking and other securities related business	Insurance	Others	Intersegment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
External revenue	380,328	305,843	220,233	28,254	3,343	32,036	9,370	19,670	-	999,077
Intersegment revenue	980	1,962	11,749	-	-	95	3,568	5,585	(23,939)	-
Segment revenue	<u>381,308</u>	<u>307,805</u>	<u>231,982</u>	<u>28,254</u>	<u>3,343</u>	<u>32,131</u>	<u>12,938</u>	<u>25,255</u>	<u>(23,939)</u>	<u>999,077</u>
Profit before unallocated expenses	117,422	54,444	84,693	14,078	121	9,546	7,705	10,246		298,255
Unallocated expenses										<u>(130,986)</u>
Profit after unallocated expenses										167,269
Share of results of associates	-	-	-	-	-	73	-	(4)		<u>69</u>
Profit before INCPS dividends, taxation and zakat										167,338
INCPS dividends										<u>(27,234)</u>
Profit after INCPS dividends and before taxation and zakat										140,104
Taxation and zakat										<u>(39,561)</u>
Profit for the financial period										<u><u>100,543</u></u>

**RHB CAPITAL BERHAD (312952 – H)
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A24. Valuation of Property, Plant and Equipment

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

A25. Material Events Subsequent to the Balance Sheet Date

There are no material events subsequent to the balance sheet date that have not been reflected in the interim financial statements.

A26. Changes in Composition of the Group

The significant changes in the composition of the Group for the three months ended 31 March 2006 are summarised below:

(a) Members' voluntary winding up - Straits Nominees (Asing) Sdn Bhd ('SNA') and Straits Nominees (Tempatan) Sdn Bhd ('SNT')

The Company announced on 3 April 2006 that SNA and SNT, wholly-owned subsidiaries of RHB Securities Sdn Bhd ('RHB Securities'), which in turn is a wholly-owned subsidiary of RHB Sakura Merchant Bankers Berhad ('RHB Sakura'), a company that is wholly-owned by the Company, have commenced members' voluntary winding up on 30 March 2006 pursuant to Section 254(1) of the Companies Act, 1965.

SNA and SNT are companies incorporated in Malaysia and are presently dormant companies with issued and paid up capital of RM25,000 divided into 25,000 ordinary shares of RM1 each, respectively.

The winding up of the said companies will not have any material effect on the Group's performance.

(b) Merger of RHB Bank Berhad ('RHB Bank') and RHB Delta Finance Berhad's ('RHB Delta Finance') 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 will be conducted through RHB Bank;
- (iii) The Islamic assets and liabilities of RHB Delta Finance were transferred to RHB Islamic Bank Berhad; and
- (iv) RHB Leasing Sdn Bhd and RHB Delta Nominees (Tempatan) Sdn Bhd will become direct subsidiaries of RHB Bank.

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A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date

(a) Commitments and Contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the interim financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	← Group →					
	As at 31 Mar 2006			As at 31 Dec 2005		
	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million	Principal amount RM'million	Credit equivalent amount* RM'million	Risk weighted amount RM'million
Direct credit substitutes	1,636	1,636	1,472	1,633	1,633	1,471
Transaction-related contingent items	2,540	686	472	2,373	603	483
Short term self-liquidating trade-related contingencies	2,005	401	221	1,979	396	212
Obligations under underwriting agreements	546	132	132	511	132	132
Housing loans sold directly and indirectly to Cagamas with recourse	43	43	22	44	44	22
Irrevocable commitments to extend credit						
- maturity not exceeding one year	20,646	-	-	20,136	-	-
- maturity exceeding one year	3,703	1,852	1,549	3,606	1,803	1,471
Foreign exchange-related contracts						
- less than one year	8,804	132	46	7,924	116	38
- one year to less than five years	193	15	4	153	9	6
Interest rate-related contracts						
- less than one year	1,294	-	-	1,154	1	-
- one year to less than five years	6,142	102	28	5,851	112	35
- more than five years	304	26	7	188	6	2
Others	638	-	-	563	21	21
	48,494	5,025	3,953	46,115	4,876	3,893

* The credit equivalent amount is arrived at using the credit conversion factors as per BNM's circulars.

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A27. Changes in Contingent Liabilities since the last Annual Balance Sheet Date (continued)

(b) Guarantees Issued

As at balance sheet date, the Company has extended unsecured guarantees totalling RM44,500,000 (31 December 2005: RM169,500,000) and RM100,000,000 (31 December 2005: RM100,000,000) for borrowings and performance of its securities subsidiaries respectively. As at balance sheet date, RM1,082,000 (31 December 2005: RM1,000,000) of the borrowings were utilised by the securities subsidiaries of the Company.

(c) Other Contingent Liabilities

(i) The Company

On 19 October 2001, the Company filed a suit against Carta Bintang Sdn Bhd ('CBSB'), the vendor of SJ Securities Sdn Bhd ('SJ Securities'), for the recovery of the deposit of RM32,800,000 ('Deposit') paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between CBSB and the Company for the sale and purchase of 60 million shares in SJ Securities. CBSB subsequently filed a counterclaim of RM258,688,153.42 together with interest thereon and costs (Please refer to B11(a) 'Material Litigation' for further details).

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

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the interim financial statements for the three months ended 31 March 2006.

(ii) RHB Securities and RHB Equities Sdn Bhd ('RHB Equities')

RHB Securities and RHB Equities, both wholly-owned subsidiaries of the Company, are parties, as the first and second defendants, to a suit for damages and for the return of shares pledged by the plaintiff as third party collateral for margin finance facilities initially provided by RHB Equities, which were subsequently transferred to RHB Securities together with the third party collateral. The plaintiff claimed that the transfer was made without the plaintiff's consent and has obtained an interim injunction to restrain disposal of the collateral. RHB Securities and RHB Equities have filed a defence and counterclaim against the said suit.

Plaintiff's suit against RHB Securities and RHB Equities was dismissed with costs on 19 May 2005. Plaintiff filed Notice of Appeal against the dismissal on 30 May 2005. With the dismissal, the injunction previously obtained against RHB Securities to deal with the collateral lapses. On 14 June 2005, the plaintiff filed an application for a stay of execution.

RHB Securities won in its counterclaim against the plaintiff with costs on 24 June 2005. On 4 August 2005, the Plaintiff's stay application was allowed with costs. As such, RHB Securities is prohibited from disposing the shares until the hearing and disposal of the Appeal to the Court of Appeal.

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	Group	
	As at	As at
	31 Mar 2006	31 Dec 2005
	RM'000	RM'000
A28. Capital Commitments		
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	33,733	42,900
- authorised but not contracted for	22,164	36,290
	<u>55,897</u>	<u>79,190</u>

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A29. Interest/Profit Rate Risk

Group As at 31 March 2006	Non-trading book					Non-interest bearing	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	14,040,284	-	-	-	-	323,791	-	14,364,075	3.29-3.34
Securities purchased under resale agreements	739,747	2,307,185	173,146	-	-	-	-	3,220,078	3.24
Deposits and placements with banks and other financial institutions	458,286	1,606,682	543,022	-	-	-	-	2,607,990	1.19-3.00
Securities									
- held-for-trading	-	-	-	-	-	664	3,062,847	3,063,511	3.54-4.37
- AFS	96,894	459,013	530,098	584,030	270,403	66,915	-	2,007,353	3.47-6.03
- held-to-maturity	3,241,531	2,525,341	3,106,274	4,504,556	2,583,188	(179,458)	-	15,781,432	3.47-5.55
Loans, advances and financing									
- performing	25,830,215	5,435,876	4,212,697	8,977,928	1,901,994	167	-	46,358,877	6.65-6.77
- non-performing*	-	-	-	-	-	1,826,284	-	1,826,284	
Clients' and brokers' balances	80,947	-	-	-	-	267,392	-	348,339	9.00
Other assets	150	-	169	660	1,265	515,216	86,452	603,912	3.92-4.11
Amount due from holding company	1,172,822	-	-	-	-	-	-	1,172,822	6.77
Statutory deposits	-	-	-	-	-	1,557,471	-	1,557,471	
Tax recoverable	-	-	-	-	-	53,414	-	53,414	
Deferred tax assets	-	-	-	-	-	242,607	-	242,607	
Investments in associates	-	-	-	-	-	15,766	-	15,766	
Property, plant and equipment	-	-	-	-	-	912,758	-	912,758	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
Total assets	45,660,876	12,334,097	8,565,406	14,067,174	4,756,850	6,770,500	3,149,299	95,304,202	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

A29. Interest/Profit Rate Risk (continued)

Group As at 31 March 2006	Non-trading book					Non-interest bearing	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	%
Liabilities and equity									
Deposits from customers	23,126,396	7,069,490	10,568,027	328,220	3,919	13,205,002	-	54,301,054	2.87-3.21
Deposits and placements of banks and other financial institutions	5,694,384	1,888,440	1,059,716	1,166,105	84,276	4,464	-	9,897,385	3.31-3.43
Obligations on securities sold under repurchase agreements	8,723,066	3,384,077	235,067	-	-	-	-	12,342,210	3.07-3.09
Bills and acceptances payable	1,166,360	1,564,517	579,634	-	-	346,253	-	3,656,764	3.67
Clients' and brokers' balances	52,016	-	-	-	-	224,014	-	276,030	2.80
Other liabilities	278,855	65	301	1,129	-	1,318,673	98,010	1,697,033	2.90-5.40
Recourse obligation on loans sold to Cagamas	-	3,888	671,690	2,548,323	224,804	-	-	3,448,705	4.40
Taxation	-	-	-	-	-	58,506	-	58,506	
Deferred tax liabilities	-	-	-	-	-	4,716	-	4,716	
Borrowings	402,486	-	125,000	850,000	-	-	-	1,377,486	6.48-7.75
Subordinated obligations	-	-	-	1,515,891	-	-	-	1,515,891	6.63-8.20
									Effective dividend rate
									%
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
Total liabilities	39,443,563	13,910,477	13,239,435	7,514,137	312,999	15,161,628	98,010	89,680,249	
Total equity	-	-	-	-	-	5,623,953	-	5,623,953	
Total liabilities and equity	39,443,563	13,910,477	13,239,435	7,514,137	312,999	20,785,581	98,010	95,304,202	
Total interest-sensitivity gap	6,217,313	(1,576,380)	(4,674,029)	6,553,037	4,443,851				

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A29. Interest/Profit Rate Risk (continued)

Company As at 31 March 2006	Non-trading book					Non-interest bearing	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	124,994	-	-	-	-	525	-	125,519	2.90
Deposits and placements with banks and other financial institutions	-	1,008	130	-	-	-	-	1,138	3.24
Other assets	-	-	-	-	-	110,648	-	110,648	
Amount due from holding company	1,172,822	-	-	-	-	-	-	1,172,822	6.77
Amounts due from subsidiaries	-	-	-	-	-	135,876	-	135,876	
Tax recoverable	-	-	-	-	-	45,802	-	45,802	
Investments in subsidiaries	-	-	-	-	-	6,780,246	-	6,780,246	
Property, plant and equipment	-	-	-	-	-	1,888	-	1,888	
Total assets	1,297,816	1,008	130	-	-	7,074,985	-	8,373,939	
Liabilities and equity									
Other liabilities	32	65	301	1,129	-	31,369	-	32,896	5.40
Amounts due to subsidiaries	76,576	-	-	-	-	3,264,996	-	3,341,572	3.84
Deferred tax liabilities	-	-	-	-	-	27,539	-	27,539	
Borrowings	402,404	-	125,000	850,000	-	-	-	1,377,404	6.48
Total liabilities	479,012	65	125,301	851,129	-	3,323,904	-	4,779,411	
Total equity	-	-	-	-	-	3,594,528	-	3,594,528	
Total liabilities and equity	479,012	65	125,301	851,129	-	6,918,432	-	8,373,939	
Total interest-sensitivity gap	818,804	943	(125,171)	(851,129)	-				

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A29. Interest/Profit Rate Risk (continued)

Group As at 31 December 2005	Non-trading book					Non-interest bearing	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	11,049,058	-	-	-	-	315,213	-	11,364,271	2.97-3.01
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	275,616	2,283,123	55,352	-	-	-	-	2,614,091	2.93-3.08
Securities									
- held-for-trading	-	-	-	-	-	740	3,368,227	3,368,967	3.23-4.04
- AFS	170,164	467,306	431,634	795,186	218,143	78,714	-	2,161,147	3.46-6.33
- held-to-maturity	1,730,533	1,764,960	3,352,671	4,557,924	2,686,672	(179,459)	-	13,913,301	3.46-5.55
Loans, advances and financing									
- performing	27,035,101	4,746,067	3,876,081	6,793,917	4,227,122	47	-	46,678,335	6.38-6.42
- non-performing*	-	-	-	-	-	1,595,373	-	1,595,373	
Clients' and brokers' balances	85,048	-	-	-	-	162,220	-	247,268	8.80
Other assets	150	-	167	631	1,301	431,398	47,554	481,201	3.92-4.29
Amount due from holding company	1,153,601	-	-	-	-	-	-	1,153,601	6.69
Statutory deposits	-	-	-	100	-	1,695,731	-	1,695,831	3.00
Tax recoverable	-	-	-	-	-	58,466	-	58,466	
Deferred tax assets	-	-	-	-	-	247,505	-	247,505	
Investments in associates	-	-	-	-	-	15,734	-	15,734	
Property, plant and equipment	-	-	-	-	-	922,610	-	922,610	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
Total assets	42,406,418	10,513,833	7,775,872	12,147,758	7,133,238	6,511,805	3,415,781	89,904,705	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A29. Interest/Profit Rate Risk (continued)

Group As at 31 December 2005	Non-trading book					Non-interest bearing	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	
Liabilities and equity									
Deposits from customers	19,847,105	6,485,876	10,223,129	523,227	3,865	12,837,908	-	49,921,110	2.76-2.85
Deposits and placements of banks and other financial institutions	5,840,946	2,720,626	1,144,412	1,239,611	79,556	3,680	-	11,028,831	2.97-3.17
Obligations on securities sold under repurchase agreements	8,562,259	1,760,202	620,338	-	-	-	-	10,942,799	2.86
Bills and acceptances payable	1,094,038	1,329,676	550,901	-	-	338,445	-	3,313,060	3.31
Clients' and brokers' balances	35,794	-	-	-	-	162,696	-	198,490	2.60
Other liabilities	256,713	64	297	1,231	-	1,296,073	69,251	1,623,629	2.85-5.40
Recourse obligation on loans sold to Cagamas	-	-	441,711	1,600,025	1,315,256	-	-	3,356,992	4.44
Taxation	-	-	-	-	-	26,412	-	26,412	
Deferred tax liabilities	-	-	-	-	-	2,904	-	2,904	
Borrowings	374,125	-	125,000	550,000	300,000	-	-	1,349,125	6.43
Subordinated obligations	-	-	-	1,530,252	-	-	-	1,530,252	6.63-8.20
									Effective dividend rate %
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
Total liabilities	36,010,980	12,296,444	13,105,788	6,548,815	1,698,677	14,668,118	69,251	84,398,073	
Total equity	-	-	-	-	-	5,506,632	-	5,506,632	
Total liabilities and equity	36,010,980	12,296,444	13,105,788	6,548,815	1,698,677	20,174,750	69,251	89,904,705	
Total interest-sensitivity gap	6,395,438	(1,782,611)	(5,329,916)	5,598,943	5,434,561				

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
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A29. Interest/Profit Rate Risk (continued)

Company As at 31 December 2005	Non-trading book					Non-interest bearing	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	1,421	-	-	-	-	274	-	1,695	2.62
Deposits and placements with banks and other financial institutions	-	87,122	452	-	-	-	-	87,574	2.85
Other assets	-	-	-	-	-	39,467	-	39,467	
Amount due from holding company	1,153,601	-	-	-	-	-	-	1,153,601	6.69
Amounts due from subsidiaries	-	-	-	-	-	136,417	-	136,417	
Tax recoverable	-	-	-	-	-	16,094	-	16,094	
Investments in subsidiaries	-	-	-	-	-	6,780,246	-	6,780,246	
Property, plant and equipment	-	-	-	-	-	2,028	-	2,028	
Total assets	1,155,022	87,122	452	-	-	6,974,526	-	8,217,122	
Liabilities and equity									
Other liabilities	32	64	297	1,231	-	38,438	-	40,062	5.40
Amounts due to subsidiaries	95,664	-	-	-	-	3,243,748	-	3,339,412	4.10
Borrowings	374,125	-	125,000	550,000	300,000	-	-	1,349,125	6.43
Total liabilities	469,821	64	125,297	551,231	300,000	3,282,186	-	4,728,599	
Total equity	-	-	-	-	-	3,488,523	-	3,488,523	
Total liabilities and equity	469,821	64	125,297	551,231	300,000	6,770,709	-	8,217,122	
Total interest-sensitivity gap	685,201	87,058	(124,845)	(551,231)	(300,000)				

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

A30. Capital Adequacy Ratio

	Group	
	As at 31 Mar 2006	As at 31 Dec 2005
	RM'000	RM'000
Tier I capital		
Paid-up ordinary share capital	1,823,475	1,823,475
Paid-up INCPS	1,104,469	1,104,469
Share premium	1,114,593	1,114,593
Other reserves	1,558,620	1,558,620
Deferred tax assets	(247,505)	(247,505)
Deferred tax liabilities	2,904	2,904
Minority interests	1,014,077	1,014,077
Less: Goodwill	(1,167,513)	(1,167,513)
Total Tier I capital	<u>5,203,120</u>	<u>5,203,120</u>
Tier II capital		
Subordinated obligations	1,515,891	1,530,252
General allowance for bad and doubtful debts	916,193	921,583
Total Tier II capital	<u>2,432,084</u>	<u>2,451,835</u>
Total capital	7,635,204	7,654,955
Less:		
Holdings of other financial institutions capital	(41,163)	(43,710)
Total capital base	<u><u>7,594,041</u></u>	<u><u>7,611,245</u></u>
<u>Before deducting proposed dividends</u>		
Core capital ratio	9.32%	9.39%
Risk-weighted capital adequacy ratio	<u>13.60%</u>	<u>13.73%</u>
<u>After deducting proposed dividends</u>		
Core capital ratio	9.32%	9.39%
Risk-weighted capital adequacy ratio	<u>13.60%</u>	<u>13.73%</u>

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

A31. Restatement of comparative financial statements

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the following:

- (i) Share of results of associates which is now presented net of tax in the consolidated income statement; and
- (ii) Minority interests which is now presented within total equity in the consolidated balance sheet and as an allocation from profit for the financial period in the consolidated income statement. The movement of minority interests is now presented in the consolidated statement of changes in equity.

The presentation of the comparative financial statements of the Group have been restated to conform with the presentation in the current financial period.

The adoption of this FRS has no impact to the Group's financial results.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

B1. Review of Group Results

For the first quarter ended 31 March 2006, the Group recorded a profit before INCPS dividends, taxation and zakat of RM230.5 million, 38% higher than that of the previous corresponding quarter of RM167.3 million. The higher profit was mainly due to higher operating profit and lower impairment loss, partly offset by higher allowance for losses on loans and financing.

B2. Changes in Profit for the Quarter

For the first quarter ended 31 March 2006, the Group recorded a profit before INCPS dividends, taxation and zakat of RM230.5 million, 29% higher as compared to the profit of RM178.4 million recorded in the preceding fourth quarter ended 31 December 2005. The higher profit was mainly due to lower impairment loss and lower allowance for losses on loans and financing.

B3. Prospects for the Financial Year Ending 31 December 2006

The unveiling of the Ninth Malaysia Plan as well as the National Automotive Policy has put in place a strategic initiative for the nation's economic development. Greater emphasis on infrastructure development, agriculture, Information and Communications Technology and human capital development is expected to provide the much-needed boost for the economy as Malaysia pursues its objective of achieving developed status by 2020.

RHB Capital will take advantage of this new impetus for long-term growth to expand its market share while it continues with its cost optimisation and cross-selling activities within the Group to enhance revenue and returns to shareholders.

The RHB Capital Group is expected to perform satisfactorily in 2006.

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

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

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B5. Taxation

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
Group				
Income tax based on profit for the financial period				
- Malaysian income tax	64,991	57,575	64,991	57,575
- overseas tax	15	184	15	184
Deferred tax	6,552	(10,383)	6,552	(10,383)
Tax on INCPS dividends	(7,626)	(7,626)	(7,626)	(7,626)
	<u>63,932</u>	<u>39,750</u>	<u>63,932</u>	<u>39,750</u>
Over provision in respect of prior years	(36)	(189)	(36)	(189)
	<u><u>63,896</u></u>	<u><u>39,561</u></u>	<u><u>63,896</u></u>	<u><u>39,561</u></u>

The effective tax rate of the Group for the first quarter and three months ended 31 March 2006 was higher than statutory tax rate mainly due to certain expenses not deductible for tax purposes.

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
	RM'000	RM'000	RM'000	RM'000
Company				
Income tax based on profit for the financial period				
- Malaysian income tax	13,501	61,858	13,501	61,858
Deferred tax	27,539	-	27,539	-
	<u>41,040</u>	<u>61,858</u>	<u>41,040</u>	<u>61,858</u>

The effective tax rate of the Company for the first quarter and three months ended 31 March 2006 was in line with statutory tax rate.

B6. Purchase and Sale of Quoted Securities

Other than in the ordinary course of business, there were no purchases or sales of quoted securities during the three months ended 31 March 2006.

B7. Profit on Sale of Unquoted Investments and/or Properties

Other than in the ordinary course of business, there were no sales of unquoted investments and/or properties during the three months ended 31 March 2006.

B8. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at the date of this announcement.

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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations

(a) Deposits from customers and placements of banks and other financial institutions

	Group	
	As at	As at
	31 Mar 2006	31 Dec 2005
	RM'000	RM'000
Fixed deposits, promissory notes and negotiable instrument of deposits		
- one year or less (short term)	35,063,858	31,048,028
- more than one year (medium/long term)	332,139	508,664
Others	18,905,057	18,364,418
	<u>54,301,054</u>	<u>49,921,110</u>
Deposits and placements of banks and other financial institutions		
- one year or less (short term)	8,613,962	9,763,781
- more than one year (medium/long term)	1,283,423	1,265,050
	<u>9,897,385</u>	<u>11,028,831</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006

B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations (continued)

	Group		Company	
	As at 31 Mar 2006	As at 31 Dec 2005	As at 31 Mar 2006	As at 31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Secured:				
Revolving credits	24,800	18,000	24,800	18,000
Term loans	240,000	240,000	240,000	240,000
Unsecured:				
Revolving credits	137,432	111,952	137,432	111,952
Overdrafts	254	4,173	172	4,173
Redeemable Serial Fixed Rate Bonds 2002/2007	375,000	375,000	375,000	375,000
RM600 million 6 years Serial Fixed Rate Bonds	600,000	600,000	600,000	600,000
	1,377,486	1,349,125	1,377,404	1,349,125
Maturity period of borrowings:				
Repayable within one year	280,686	259,125	280,604	259,125
One year to three years	646,800	490,000	646,800	490,000
Three years to five years	450,000	300,000	450,000	300,000
Over five years	-	300,000	-	300,000
	1,377,486	1,349,125	1,377,404	1,349,125

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B9. Deposits from Customers and Placements of Banks and Other Financial Institutions, Borrowings and Subordinated Obligations (continued)

	Group	
	As at 31 Mar 2006 RM'000	As at 31 Dec 2005 RM'000
(c) Subordinated Obligations		
8.2% RM165 million Tier II subordinated bonds 2002/2012	165,000	165,000
6.85% RM800 million Tier II subordinated bonds 2002/2012	800,000	800,000
6.625% USD150 million Tier II subordinated notes 2002/2013	550,891 *	565,252
	<u>1,515,891</u>	<u>1,530,252</u>

* Net of unaccreted discount of RM1.6 million.

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

RHB CAPITAL BERHAD (312952 – H)
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B10. Off-Balance Sheet Financial Instruments

Value of Contracts Classified by Remaining Period to Maturity/Next Re-pricing Date (whichever is earlier) as at 31 March 2006

Group

Items	Principal amount RM'million	1 month or less RM'million	> 1 – 3 months RM'million	> 3 – 6 months RM'million	> 6 – 12 months RM'million	> 1 – 5 years RM'million	> 5 years RM'million	Margin requirement RM'million
Foreign exchange-related contracts								
- forwards	3,401	1,445	1,033	825	51	47	-	-
- swaps	4,382	3,296	824	197	48	17	-	-
- options	663	133	193	193	144	-	-	-
- spots	367	367	-	-	-	-	-	-
- cross-currency interest rate swaps	184	-	55	-	-	129	-	-
Interest rate-related contracts								
- futures	3,541	-	351	250	470	2,470	-	2
- swaps	4,199	273	409	48	100	3,148	221	-
Total	16,737	5,514	2,865	1,513	813	5,811	221	2

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

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

**RHB CAPITAL BERHAD (312952 – H)
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B10. Off-Balance Sheet Financial Instruments (continued)

Related accounting policies

Derivative financial instruments and hedge accounting

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

(c) Derivatives that do not qualify for hedge accounting

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

**RHB CAPITAL BERHAD (312952 – H)
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B11. Material Litigation

(a) Carta Bintang Sdn Bhd

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

On 29 November 2001, the Company announced that the Defence and Counterclaim of CBSB was served on the Company's solicitors on 26 November 2001. The overall amount claimed by CBSB in the Counterclaim is RM258,688,153.42 together with interest thereon and costs. The Company filed its reply to the Defence and a Defence to the Counterclaim on 19 December 2001.

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

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

On 15 August 2003 and 27 August 2003, the Company announced that the parties have filed their respective appeals to the Court of Appeal against the decisions of the Learned High Court Judge (Please refer to A27(c)(i) 'Other Contingent Liabilities' for the Company's solicitors' opinion on the above suit and counterclaim).

Hearing date for the appeals have yet to be fixed.

(b) Tan Sri Dato' Abdul Rashid Hussain

Trial in respect of the above suit has been going on since 2004 and the last hearing date was 24 February 2005.

On 16 December 2005, the Company announced that the High Court on 16 December 2005 dismissed with costs the Company's claim against the defendant and that the Company will be appealing against this decision.

On 9 January 2006, the Company filed a Notice of Appeal at the Court of Appeal against the decision.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B11. Material Litigation (continued)

(c) Tan Sri Dato' Abdul Rashid Hussain, Chong Kin Leong, Seah Fook Chin, Tajul Ariffin, Ong Tiang Lock and Rosley Ahmad

On 28 January 2005, the Company announced that a Writ of Summons had been filed at the High Court of Malaya in Kuala Lumpur by the Company, RHB Securities and RHB Equities against the following individuals:

- (i) Tan Sri Dato' Abdul Rashid bin Hj Mohamed Hussain in his capacity as former Executive Chairman of the Company and RHB Securities and in his capacity as former director of RHB Equities;
- (ii) Mr Chong Kin Leong in his capacity as former director of the Company and RHB Equities;
- (iii) Mr Seah Fook Chin in his capacity as former director of the Company and RHB Equities;
- (iv) Encik Tajul Ariffin bin Mohd Tahir in his capacity as former Executive Director of RHB Securities and in his capacity as former director of RHB Equities;
- (v) Mr Ong Tiang Lock in his capacity as former director of RHB Equities; and
- (vi) Encik Rosley bin Ahmad in his capacity as former principal legal advisor and former Company Secretary of the Company, RHB Securities and RHB Equities;

for a total sum of RM1,430,410,355.96 on the grounds of breach of fiduciary duties, breach of trust, breach of contracts of employment and/or negligence in relation to certain margin finance facilities granted by RHB Equities during the abovenamed individuals' tenure as directors and/or officers of the Company and/or RHB Securities and/or RHB Equities.

On 2 March 2005, the Company announced that the Company, RHB Securities and RHB Equities have filed a fresh Writ of Summons ('New Writ') on the additional grounds of dishonest breach of fiduciary duties and fraudulent breach of trust.

The Defendants, the amount claimed from them, and the grounds of claim as stated in the New Writ remains the same as in the earlier Writ of Summons filed on 28 January 2005, save and except for the addition of the grounds of dishonest breach of fiduciary duties and fraudulent breach of trust.

Prior to the filing of the New Writ, the said earlier Writ of Summons was discontinued.

The defendants filed their defences on 12 May 2005. On 23 June 2005, the Company, RHB Securities and RHB Equities filed replies to the defences.

The court has fixed the trial dates on 26, 30, 31 May 2006 and 5 June 2006 for the case hearing.

RHB Securities is a wholly-owned subsidiary of RHB Sakura which in turn is a wholly-owned subsidiary of the Company whereas RHB Equities is a wholly-owned subsidiary of the Company.

All the above material litigations are not expected to have any material adverse effect on the financial results of the Group.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

B12. Dividends Declared

No dividend has been declared for the three months ended 31 March 2006.

	1st quarter ended		Three months ended	
	31 Mar 2006	31 Mar 2005	31 Mar 2006	31 Mar 2005
B13. Earnings per Share				
Basic earnings per share				
Profit attributable to equity holders of the parent (RM'000)	<u>101,141</u>	<u>69,705</u>	<u>101,141</u>	<u>69,705</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,823,475</u>	<u>1,823,475</u>	<u>1,823,475</u>	<u>1,823,475</u>
Basic earnings per share (sen)	<u>5.5</u>	<u>3.8</u>	<u>5.5</u>	<u>3.8</u>

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Secretary

22 May 2006