

**RHB CAPITAL BERHAD**

(312952-H)

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**ANNOUNCEMENT OF AUDITED RESULTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

The Board of Directors of RHB Capital Berhad ('The Board') wishes to announce that the audited results of the Group and Company for the financial year ended 31 December 2006 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	Note	4th quarter ended		12 months ended	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	A8	1,204,276	945,434	4,410,723	3,511,124
Interest expense	A9	(686,421)	(483,503)	(2,465,314)	(1,884,871)
Net interest income		517,855	461,931	1,945,409	1,626,253
Other operating income	A10	253,218	208,326	859,968	810,085
		771,073	670,257	2,805,377	2,436,338
Income from Islamic Banking business		85,343	42,696	236,099	147,674
Net income		856,416	712,953	3,041,476	2,584,012
Other operating expenses	A11	(357,135)	(343,092)	(1,354,739)	(1,272,534)
Operating profit		499,281	369,861	1,686,737	1,311,478
Allowance for losses on loans and financing impairment loss	A12	(223,192)	(143,559)	(709,366)	(537,093)
		(20,544)	(47,987)	(36,600)	(85,812)
		255,545	178,315	940,771	688,573
Share of results of associates		(36)	86	(475)	295
Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends, taxation and zakat		255,509	178,401	940,296	688,868
INCPS dividends	A13	(27,838)	(27,807)	(110,447)	(110,447)
Profit after INCPS dividends and before taxation and zakat		227,671	150,594	829,849	578,421
Taxation	B5	(65,327)	(42,442)	(235,118)	(144,852)
Zakat		246	(920)	1,166	(921)
Profit for the financial period/year		162,590	107,232	595,897	432,648
Attributable to:					
- Equity holders of the Company		123,742	71,523	438,310	315,778
- Minority interests		38,848	35,709	157,587	116,870
		162,590	107,232	595,897	432,648
Earnings per share					
- Basic (sen)	B13	6.8	3.9	24.0	17.3
- Fully diluted (sen)		n/a	n/a	n/a	n/a

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	Note	4th quarter ended		12 months ended	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
		RM'000	RM'000	RM'000	RM'000
<u>Company</u>					
Interest income	A8	22,415	19,845	85,355	78,756
Interest expense	A9	(23,250)	(23,845)	(102,483)	(109,684)
Net interest expense		<u>(835)</u>	<u>(4,000)</u>	<u>(17,128)</u>	<u>(30,928)</u>
Other operating income	A10	20,858	30,084	462,692	357,878
Net income		<u>20,023</u>	<u>26,084</u>	<u>445,564</u>	<u>326,950</u>
Other operating expenses	A11	(7,162)	(41,959)	(23,115)	(69,329)
Profit/(Loss) before taxation		<u>12,861</u>	<u>(15,875)</u>	<u>422,449</u>	<u>257,621</u>
Taxation	B5	(1,203)	(4,500)	(116,462)	(87,899)
Profit/(Loss) for the financial period/year		<u><u>11,658</u></u>	<u><u>(20,375)</u></u>	<u><u>305,987</u></u>	<u><u>169,722</u></u>

This Condensed 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 DECEMBER 2006

	Note	As at 31 Dec 2006 RM'000	As at 31 Dec 2005 RM'000
Group			
ASSETS			
Cash and short term funds		10,671,553	11,364,271
Securities purchased under resale agreements		2,691,541	2,219,491
Deposits and placements with banks and other financial institutions		5,590,420	2,614,091
Securities held-for-trading	A14	5,160,642	3,368,967
Securities available-for-sale ('Securities AFS')	A15	6,269,350	2,161,147
Securities held-to-maturity	A16	13,107,585	13,913,301
Loans, advances and financing	A17	53,392,886	48,358,756
Clients' and brokers' balances		177,027	162,220
Other assets	A18	734,117	474,745
Amount due from holding company	A19	1,236,030	1,153,601
Statutory deposits		1,905,043	1,695,831
Tax recoverable		53,032	58,466
Deferred tax assets		254,767	247,505
Investments in associates		15,289	15,734
Property, plant and equipment		883,180	922,610
Goodwill		1,167,513	1,167,513
Total assets		<u>103,309,975</u>	<u>89,898,249</u>
LIABILITIES AND EQUITY			
Deposits from customers	A20/B9(a)	57,525,532	49,921,110
Deposits and placements of banks and other financial institutions	A21/B9(a)	11,577,118	11,028,831
Obligations on securities sold under repurchase agreements		14,995,199	10,942,799
Bills and acceptances payable		3,778,758	3,313,060
Clients' and brokers' balances		251,372	198,490
Other liabilities	A22	1,994,511	1,623,629
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		2,879,284	3,356,992
Taxation		90,518	26,412
Deferred tax liabilities		16,522	2,904
Borrowings	B9(b)	1,551,812	1,342,669
Subordinated obligations	B9(c)	1,493,158	1,530,252
INCPS		1,104,469	1,104,469
Total liabilities		<u>97,258,253</u>	<u>84,391,617</u>
Share capital		1,823,475	1,823,475
Reserves		3,104,564	2,669,080
		4,928,039	4,492,555
Minority interests		1,123,683	1,014,077
Total equity		<u>6,051,722</u>	<u>5,506,632</u>
Total liabilities and equity		<u>103,309,975</u>	<u>89,898,249</u>
Commitments and contingencies	A27(a)	<u>56,939,867</u>	<u>46,115,240</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>2.70</u>	<u>2.46</u>

This Condensed 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 DECEMBER 2006

	Note	As at 31 Dec 2006 RM'000	As at 31 Dec 2005 RM'000
<u>Company</u>			
ASSETS			
Cash and short term funds		13,398	1,695
Deposits and placements with banks and other financial institutions		1,171	87,574
Other assets	A18	32,857	33,011
Amount due from holding company	A19	1,236,030	1,153,601
Amounts due from subsidiaries		126,200	136,417
Tax recoverable		19,172	16,094
Investments in subsidiaries		6,911,026	6,780,246
Property, plant and equipment		1,295	2,028
Total assets		<u>8,341,149</u>	<u>8,210,666</u>
LIABILITIES AND EQUITY			
Other liabilities	A22	40,852	40,062
Amounts due to subsidiaries		3,262,588	3,339,412
Deferred tax liabilities		45	-
Borrowings	B9(b)	1,269,412	1,342,669
Total liabilities		<u>4,572,897</u>	<u>4,722,143</u>
Share capital		1,823,475	1,823,475
Reserves		1,944,777	1,665,048
Total equity		<u>3,768,252</u>	<u>3,488,523</u>
Total liabilities and equity		<u>8,341,149</u>	<u>8,210,666</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Attributable to equity holders of the Company								Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Translation 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)	4,003	247,394	4,492,555	1,014,077	5,506,632
Currency translation differences	-	-	-	-	-	-	(10,571)	280	(10,291)	(5,223)	(15,514)
Unrealised net gain/(loss) on revaluation of securities AFS	-	-	-	-	-	61,361	-	-	61,361	(7,119)	54,242
Net transfer to income statement on disposal or impairment	-	-	-	-	-	(15,197)	-	-	(15,197)	3,704	(11,493)
Deferred tax	-	-	-	-	-	(12,441)	-	-	(12,441)	1,164	(11,277)
Income and expenses recognised directly in equity	-	-	-	-	-	33,723	(10,571)	280	23,432	(7,474)	15,958
Profit for the financial year	-	-	-	-	-	-	-	438,310	438,310	157,587	595,897
Total income and expenses recognised for the financial year	-	-	-	-	-	33,723	(10,571)	438,590	461,742	150,113	611,855
Transfer in respect of statutory requirements	-	-	151,568	-	-	-	-	(151,568)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(26,258)	(26,258)	-	(26,258)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(40,507)	(40,507)
Balance as at 31 December 2006	1,823,475	1,114,593	1,443,797	6,431	8,563	29,590	(6,568)	508,158	4,928,039	1,123,683	6,051,722

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	Attributable to equity holders of the Company								Minority interests	Total equity	
	Share capital	Share premium	Reserve funds	Merger reserves	Other reserves	AFS reserves	Translation reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			Sub-total
Group											
Balance as at 1 January 2005	1,823,475	1,114,593	1,171,771	(8,693)	8,563	(9,727)	14,371	98,026	4,212,379	945,646	5,158,025
Currency translation differences	-	-	-	-	-	-	(10,368)	-	(10,368)	(4,532)	(14,900)
Unrealised net loss on revaluation of securities AFS	-	-	-	-	-	(20,265)	-	-	(20,265)	(7,210)	(27,475)
Net transfer to income statement on disposal or impairment	-	-	-	-	-	29,003	-	-	29,003	18,665	47,668
Deferred tax	-	-	-	-	-	(3,144)	-	-	(3,144)	(3,515)	(6,659)
Transfer in respect of liquidation of an associate	-	-	-	15,124	-	-	-	-	15,124	-	15,124
Fair value adjustment on assets acquired in previous financial year	-	-	-	-	-	-	-	-	-	281	281
Income and expenses recognised directly in equity	-	-	-	15,124	-	5,594	(10,368)	-	10,350	3,689	14,039
Profit for the financial year	-	-	-	-	-	-	-	315,778	315,778	116,870	432,648
Total income and expenses recognised for the financial year	-	-	-	15,124	-	5,594	(10,368)	315,778	326,128	120,559	446,687
Transfer in respect of statutory requirements	-	-	120,458	-	-	-	-	(120,458)	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	(45,952)	(45,952)	-	(45,952)
Dividends paid to minorities	-	-	-	-	-	-	-	-	-	(52,128)	(52,128)
Balance as at 31 December 2005	<u>1,823,475</u>	<u>1,114,593</u>	<u>1,292,229</u>	<u>6,431</u>	<u>8,563</u>	<u>(4,133)</u>	<u>4,003</u>	<u>247,394</u>	<u>4,492,555</u>	<u>1,014,077</u>	<u>5,506,632</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	305,987	305,987
Ordinary dividends	-	-	(26,258)	(26,258)
Balance as at 31 December 2006	<u><u>1,823,475</u></u>	<u><u>1,114,593</u></u>	<u><u>830,184</u></u>	<u><u>3,768,252</u></u>
Balance as at 1 January 2005	1,823,475	1,114,593	426,685	3,364,753
Profit for the financial year	-	-	169,722	169,722
Ordinary dividends	-	-	(45,952)	(45,952)
Balance as at 31 December 2005	<u><u>1,823,475</u></u>	<u><u>1,114,593</u></u>	<u><u>550,455</u></u>	<u><u>3,488,523</u></u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	12 months ended 31 Dec 2006	12 months ended 31 Dec 2005
	RM'000	RM'000
Group		
Operating activities		
Profit before INCPS dividends, taxation and zakat	940,296	688,868
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	<u>(126,483)</u>	180,068
Operating profit before working capital changes	813,813	868,936
Net changes in operating assets	(11,276,241)	(11,366,415)
Net changes in operating liabilities	<u>12,599,849</u>	<u>7,454,169</u>
Cash generated from/(used in) operations	2,137,421	(3,043,310)
Taxation and zakat paid	(197,514)	(178,133)
Taxation recovered	47,100	11,661
Net cash generated from/(used in) operating activities	<u>1,987,007</u>	<u>(3,209,782)</u>
Investing activities		
Net (purchase)/sale of securities	(3,322,039)	1,724,110
Interest received from securities	630,445	430,020
Proceeds from disposal of property, plant and equipment	16,341	7,246
Dividend income received from securities	6,518	4,425
Dividend income received from an associate	-	716
Capital repayment upon liquidation of an associate	-	4,025
Purchase of property, plant and equipment	(71,486)	(72,990)
Increase in investments in an associate	(30)	(20)
Net cash (used in)/generated from investing activities	<u>(2,740,251)</u>	<u>2,097,532</u>
Financing activities		
Drawdown of borrowings	523,680	86,452
Repayment of borrowings	(278,032)	(401,700)
Net proceeds from issuance of bonds	340,900	592,275
Redemption of bonds	(375,000)	(325,000)
Dividends paid to equity holders of the Company	(26,258)	(45,952)
INCPS dividends paid	(79,522)	(79,522)
Dividends paid to minorities	(40,507)	(52,128)
Payment to hire-purchase creditors	(562)	(372)
Net cash generated from/(used in) financing activities	<u>64,699</u>	<u>(225,947)</u>
Net decrease in cash and cash equivalents	(688,545)	(1,338,197)
Cash and cash equivalents		
- at the beginning of the financial year	<u>11,360,098</u>	12,698,295
- at the end of the financial year	<u>10,671,553</u>	<u>11,360,098</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	10,671,533	11,364,271
Overdrafts	-	(4,173)
	<u>10,671,533</u>	<u>11,360,098</u>

This Condensed 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 FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	12 months ended 31 Dec 2006	12 months ended 31 Dec 2005
	RM'000	RM'000
<u>Company</u>		
Operating activities		
Profit before taxation	422,449	257,621
Adjustments for investing and financing items and other items not involving the movement of cash and cash equivalents	(443,363)	(288,460)
Operating loss before working capital changes	(20,914)	(30,839)
Net changes in operating assets	96,627	(129,807)
Net changes in operating liabilities	(82,667)	17
Cash used in operations	(6,954)	(160,629)
Taxation recovered	9,311	7,091
Net cash generated from/(used in) operating activities	<u>2,357</u>	<u>(153,538)</u>
Investing activities		
Dividend income received from subsidiaries	332,992	256,082
Interest income received	3,074	3,529
Proceeds from disposal of property, plant and equipment	310	-
Increase in investments in a subsidiary	(130,780)	-
Purchase of property, plant and equipment	(102)	(870)
Net cash generated from investing activities	<u>205,494</u>	<u>258,741</u>
Financing activities		
Drawdown of borrowings	241,280	86,452
Repayment of borrowings	(278,032)	(396,700)
Net proceeds from issuance of bonds	340,900	592,275
Redemption of bonds	(375,000)	(325,000)
Interest expense paid	(94,303)	(93,236)
Payment to hire-purchase creditors	(562)	(372)
Dividends paid to equity holders of the Company	(26,258)	(45,952)
Net cash used in financing activities	<u>(191,975)</u>	<u>(182,533)</u>
Net increase/(decrease) in cash and cash equivalents	15,876	(77,330)
Cash and cash equivalents		
- at the beginning of the financial year	(2,478)	74,852
- at the end of the financial year	<u>13,398</u>	<u>(2,478)</u>
Cash and cash equivalents comprise the following:		
Cash and short term funds	13,398	1,695
Overdrafts	-	(4,173)
	<u>13,398</u>	<u>(2,478)</u>

This Condensed 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 CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

A1. Basis of Preparation

The condensed financial statements is audited and has 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 condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2005 except for the adoption of 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, Advances and Financing ('NPLs') and Provision for Substandard, Bad and Doubtful Debts (BNM/GP3) requirements issued by Bank Negara Malaysia ('BNM').

With effect from the quarter ended 31 December 2006, the Group's basis for specific allowance has been changed from default period of 6 months-in-arrears to 3 months-in-arrears in line with its non-performing classification of loans, advances and financing. The additional specific allowance due to this change amounted to RM45,511,000 for the Group.

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 financial year ended 31 December 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 year.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

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 financial year ended 31 December 2006 other than as follows:

(a) RM150 million Commercial Paper/Medium Term Notes ('CP/MTN') Program and RM350 million Fixed Rate Bonds ('RM350 million Bonds') (collectively known as 'The Proposed PDS Program')

The Company has successfully launched the Proposed PDS Program and the RM350 million Bonds has been issued on 18 September 2006.

(b) Redeemable Serial Fixed Rate Bonds 2002/2007

The Company has fully redeemed its Redeemable Serial Fixed Rate Bonds 2002/2007 on 19 September 2006 by utilising part of the proceeds from the RM350 million Bonds as disclosed in A6(a).

A7. Dividends Paid

During the financial year ended 31 December 2006, the Company has paid a first interim dividend of 2.0% less 28% income tax in respect of the financial year ended 31 December 2006 on 28 June 2006.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 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	755,000	628,522	2,803,204	2,353,327
- recoveries from NPLs	49,261	48,491	214,691	180,131
Money at call, deposits and placements with financial institutions	123,232	76,544	458,604	380,632
Securities purchased under resale agreements	53,122	17,401	176,014	30,385
Securities held-for-trading	46,742	22,142	131,735	64,217
Securities AFS	43,733	11,863	92,323	71,525
Securities held-to-maturity	135,068	123,647	555,566	436,512
Others	24,655	17,962	86,860	78,118
	<u>1,230,813</u>	<u>946,572</u>	<u>4,518,997</u>	<u>3,594,847</u>
Amortisation of premium less accretion of discount	1,985	19,012	(7,283)	(8,645)
Interest suspended	(28,522)	(20,150)	(100,991)	(75,078)
	<u>1,204,276</u>	<u>945,434</u>	<u>4,410,723</u>	<u>3,511,124</u>
<u>Company</u>				
Money at call, deposits and placements with financial institutions	54	746	3,062	3,511
Others	22,361	19,099	82,293	75,245
	<u>22,415</u>	<u>19,845</u>	<u>85,355</u>	<u>78,756</u>
A9. Interest Expense				
<u>Group</u>				
Deposits and placements of banks and other financial institutions	116,085	62,746	373,699	192,337
Deposits from customers	417,357	296,649	1,489,823	1,179,654
Obligations on securities sold under repurchase agreements	53,547	17,647	199,512	106,687
Borrowings	22,773	22,446	98,114	103,039
Subordinated obligations	26,806	26,585	105,345	106,079
Recourse obligation on loans sold to Cagamas	35,268	37,511	150,589	156,770
Others	14,585	19,919	48,232	40,305
	<u>686,421</u>	<u>483,503</u>	<u>2,465,314</u>	<u>1,884,871</u>
<u>Company</u>				
Borrowings	22,771	22,530	98,053	102,603
Others	479	1,315	4,430	7,081
	<u>23,250</u>	<u>23,845</u>	<u>102,483</u>	<u>109,684</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income				
Group				
Fee income				
- Service charges and fees	40,752	43,775	147,079	152,969
- Commission	27,262	23,871	109,295	95,606
- Brokerage	17,642	10,151	60,711	51,167
- Commitment fees	10,114	9,981	41,816	37,760
- Guarantee fees	11,431	10,289	40,030	30,405
- Unit trust fee income	7,394	5,124	26,638	24,433
- Corporate advisory fees	3,081	1,539	8,927	7,850
- Underwriting and arrangement fees	1,955	3,768	7,005	21,426
- Fund management fees	1,985	1,512	6,751	6,567
- Other fee income	3,664	3,396	14,481	13,318
	<u>125,280</u>	<u>113,406</u>	<u>462,733</u>	<u>441,501</u>
Net gain/(loss) arising from sale/ redemption of securities and derivatives				
- Net gain from sale of				
- securities held-for-trading	41,518	18,099	59,141	80,594
- securities AFS	566	6,924	23,370	48,498
- Net gain from redemption of				
- securities held-to-maturity	785	10,299	2,188	27,234
- Derivatives	(108)	(33)	2	(33)
	<u>42,761</u>	<u>35,289</u>	<u>84,701</u>	<u>156,293</u>
Unrealised gain/(loss) on revaluation of securities and derivatives				
- Securities held-for-trading	12,698	(4,294)	27,127	(8,258)
- Derivatives	(3,266)	12,194	3,059	6,699
	<u>9,432</u>	<u>7,900</u>	<u>30,186</u>	<u>(1,559)</u>

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
A10. Other Operating Income (continued)				
<u>Group (continued)</u>				
Gross dividend income from				
- Securities held-for-trading	313	367	4,242	1,746
- Securities AFS	1,448	1,701	3,947	3,719
- Securities held-to-maturity	60	60	864	680
	<u>1,821</u>	<u>2,128</u>	<u>9,053</u>	<u>6,145</u>
Other income				
- Foreign exchange gain/(loss)				
- realised	51,983	42,044	147,645	150,210
- unrealised	(418)	(8,234)	32,070	(16,604)
- Underwriting surplus before management expenses	8,201	798	38,588	23,731
- Net gain on disposal of property, plant and equipment	2,766	950	4,175	1,613
- Rental income	849	781	3,195	3,150
- Other operating income	8,899	12,064	40,662	43,830
- Other non-operating income	1,644	1,200	6,960	1,775
	<u>73,924</u>	<u>49,603</u>	<u>273,295</u>	<u>207,705</u>
	<u>253,218</u>	<u>208,326</u>	<u>859,968</u>	<u>810,085</u>
<u>Company</u>				
Gross dividend income from				
- Subsidiaries	20,217	30,217	461,798	355,670
	<u>20,217</u>	<u>30,217</u>	<u>461,798</u>	<u>355,670</u>
Other income				
- Foreign exchange (loss)/gain				
- unrealised	107	(402)	(782)	475
- Net gain on disposal of property, plant and equipment	-	-	131	-
- Other operating income	275	269	1,090	1,643
- Other non-operating income	259	-	455	90
	<u>641</u>	<u>(133)</u>	<u>894</u>	<u>2,208</u>
	<u>20,858</u>	<u>30,084</u>	<u>462,692</u>	<u>357,878</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses				
<u>Group</u>				
Personnel costs				
- Salaries, bonus, wages and allowances	155,313	130,051	569,454	524,387
- Defined contribution plan	20,930	21,699	81,370	78,906
- Other staff related costs	9,501	16,921	74,026	53,166
	<u>185,744</u>	<u>168,671</u>	<u>724,850</u>	<u>656,459</u>
Establishment costs				
- Depreciation	25,627	25,883	101,265	105,645
- Information technology expenses	24,583	17,944	94,147	74,574
- Repair and maintenance	12,114	12,501	45,047	45,611
- Rental of premises	8,202	8,045	31,986	31,689
- Water and electricity	3,973	4,026	15,863	15,507
- Rental of equipment	2,832	1,840	10,338	6,997
- Insurance	1,847	1,470	10,044	5,070
- Others	872	1,927	3,211	7,488
	<u>80,050</u>	<u>73,636</u>	<u>311,901</u>	<u>292,581</u>
Marketing expenses				
- Dealers' handling fee	5,714	13,740	35,407	51,741
- Advertisements and publicity	12,469	13,778	34,400	41,429
- Sales commission	10,031	7,620	28,647	24,488
- Others	14,661	15,035	60,998	50,787
	<u>42,875</u>	<u>50,173</u>	<u>159,452</u>	<u>168,445</u>
Administration and general expenses				
- Communication expenses	16,828	18,199	70,207	76,217
- Legal and professional fee	4,992	6,343	17,215	20,366
- Others	26,646	26,070	71,114	58,466
	<u>48,466</u>	<u>50,612</u>	<u>158,536</u>	<u>155,049</u>
	<u>357,135</u>	<u>343,092</u>	<u>1,354,739</u>	<u>1,272,534</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
A11. Other Operating Expenses (continued)				
Company				
Personnel costs				
- Salaries, bonus, wages and allowances	2,250	2,594	9,117	14,364
- Defined contribution plan	270	252	1,110	1,992
- Other staff related costs	470	(253)	1,599	2,053
	<u>2,990</u>	<u>2,593</u>	<u>11,826</u>	<u>18,409</u>
Establishment costs				
- Rental of premises	339	404	1,398	1,488
- Depreciation	167	194	656	709
- Repair and maintenance	119	127	463	540
- Information technology expenses	26	7	118	31
- Water and electricity	10	12	48	53
- Rental of equipment	11	13	47	48
- Insurance	-	1	2	3
	<u>672</u>	<u>758</u>	<u>2,732</u>	<u>2,872</u>
Marketing expenses				
- Advertisements and publicity	1,347	(578)	2,069	1,939
- Others	302	335	1,013	1,138
	<u>1,649</u>	<u>(243)</u>	<u>3,082</u>	<u>3,077</u>
Administration and general expenses				
- Legal and professional fee	1,657	2,713	4,673	8,153
- Communication expenses	103	83	484	373
- Others	91	36,055	318	36,445
	<u>1,851</u>	<u>38,851</u>	<u>5,475</u>	<u>44,971</u>
	<u>7,162</u>	<u>41,959</u>	<u>23,115</u>	<u>69,329</u>

RHB CAPITAL BERHAD (312952 – H)
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	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 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	302,419	283,896	967,814	769,909
- specific allowance written back	(60,763)	(38,509)	(237,455)	(188,169)
- specific allowance (net)	241,656	245,387	730,359	581,740
- general allowance (net)	(3,592)	10,112	56,653	97,758
Bad debts written off	-	-	5	117
Bad debts recovered	(14,872)	(33,769)	(76,863)	(57,081)
Final settlement received from Danaharta	-	(4,664)	-	(6,646)
Write back on amount recoverable from Danaharta	-	(73,507)	(788)	(78,795)
	<u>223,192</u>	<u>143,559</u>	<u>709,366</u>	<u>537,093</u>
A13. INCPS Dividends				
<u>Group</u>				
INCPS dividends paid and payable				
- 10% per annum (gross)	27,838	27,807	110,447	110,447

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000
A14. Securities Held-for-trading		
At fair value		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Government investment issues	421,241	208,084
Khazanah bonds	389,473	198,389
Malaysian government securities	196,338	25,030
Singapore government stocks	192,069	317,799
Unquoted		
Private debt securities	1,113,968	800,332
Negotiable instrument of deposits	955,019	59,994
Bankers' acceptances and Islamic accepted bills	757,128	763,727
BNM bills/notes	613,125	444,592
Fixed rate notes	229,710	249,057
Malaysian government treasury bills	28,965	20,654
	4,897,036	3,087,658
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Shares	42,817	44,008
Unit trust	6,720	4,416
Outside Malaysia		
Other government securities	114,487	126,856
Bonds	98,682	105,289
Shares	900	424
<u>UNQUOTED SECURITIES:</u>		
Outside Malaysia		
Shares	-	316
	5,160,642	3,368,967

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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	Group	
	As at 31 Dec 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	451,156	585,534
Singapore government stocks	103,952	-
Malaysian government securities	50,190	-
Khazanah bonds	9,405	-
Government investment issues	5,058	-
Unquoted		
Negotiable instrument of deposits	3,220,039	-
Private debt securities	912,132	414,022
BNM bills/notes	401,056	99,575
Structured notes	306,351	322,498
Singapore government treasury bills	85,890	56,761
Malaysian government treasury bills	85,678	42,534
Other government securities	-	4,546
	5,630,907	1,525,470
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Corporate loan stocks	54,813	74,849
Shares	23,856	44,353
Malaysian government securities	22,100	22,134
Private debt securities	9,209	4,433
Outside Malaysia		
Floating rate notes	292	313
Shares	129	135
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Shares	167,979	168,152
Corporate loan stocks	161,524	193,691
Corporate debt securities	83,212	85,350
Private debt securities	65,508	38,386
Outside Malaysia		
Private debt securities	49,109	3,298
Trading rights	367	238
Shares	345	345
	6,269,350	2,161,147

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000
A16. Securities Held-to-maturity		
At amortised cost		
<u>MONEY MARKET INSTRUMENTS:</u>		
Quoted		
Malaysian government securities	2,124,505	2,424,601
Cagamas bonds and Cagamas Mudharabah bonds	911,120	656,125
Khazanah bonds	573,678	635,686
Government investment issues	80,964	-
Unquoted		
Negotiable instrument of deposits	5,286,823	5,367,009
Prasarana bonds	1,979,791	2,052,791
Private debt securities	881,827	1,113,187
Structured notes	353,052	151,181
Other government securities	234,310	140,747
Bankers' acceptances and Islamic accepted bills	99,065	714,033
Cagamas notes	98,157	-
Malaysian government treasury bills	-	73,406
Thailand government treasury bills	-	47,235
	<u>12,623,292</u>	<u>13,376,001</u>
<u>QUOTED SECURITIES:</u>		
In Malaysia		
Floating rate notes	81,225	100,162
<u>UNQUOTED SECURITIES:</u>		
In Malaysia		
Private debt securities	389,458	399,183
Corporate loan stocks	205,231	187,992
Bonds	29,070	29,070
Shares	2,700	2,700
Promissory notes	-	375
Outside Malaysia		
Floating rate notes	10,595	-
	<u>13,341,571</u>	<u>14,095,483</u>
Accumulated impairment loss	<u>(233,986)</u>	<u>(182,182)</u>
	<u><u>13,107,585</u></u>	<u><u>13,913,301</u></u>

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000
A17. Loans, Advances and Financing		
Overdrafts	6,797,088	6,465,593
Term loans/financing		
- housing loans/financing	12,545,069	11,706,298
- syndicated term loans/financing	2,632,160	2,335,285
- hire-purchase receivables	9,654,495	7,669,206
- lease receivables	281,120	295,953
- other term loans/financing	11,557,423	11,438,603
Bills receivable	1,877,730	1,628,524
Trust receipts	537,794	498,867
Claims on customers under acceptance credits	4,824,605	4,124,751
Staff loans/financing	413,583	425,831
Credit/charge cards receivables	1,288,406	994,954
Revolving credits	5,278,336	4,798,996
	<u>57,687,809</u>	<u>52,382,861</u>
Unearned interest and income	<u>(1,563,301)</u>	<u>(1,281,394)</u>
Gross loans, advances and financing	<u>56,124,508</u>	<u>51,101,467</u>
Allowance for bad and doubtful debts and financing		
- general	(976,214)	(921,583)
- specific	<u>(1,755,408)</u>	<u>(1,821,128)</u>
Net loans, advances and financing	<u><u>53,392,886</u></u>	<u><u>48,358,756</u></u>

(a) By type of customers

Domestic non-bank financial institutions		
- stockbroking companies	1,856	2,862
- others	831,683	1,538,252
Domestic business enterprises		
- small medium enterprises	9,241,948	9,094,656
- others	21,692,647	18,600,484
Government and statutory bodies	248,651	167,350
Individuals	23,403,054	21,226,317
Other domestic entities	57,746	54,419
Foreign entities	646,923	417,127
	<u>56,124,508</u>	<u>51,101,467</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000

A17. Loans, Advances and Financing (continued)

(b) By interest/profit rate sensitivity

Fixed rate		
- housing loans/financing	1,593,036	1,447,587
- hire-purchase receivables	8,129,916	6,485,481
- other fixed rate loans/financing	3,509,878	2,965,560
Variable rate		
- base lending rate plus	20,237,465	19,155,385
- cost-plus	17,221,488	16,761,171
- other variable rates	5,432,725	4,286,283
	<u>56,124,508</u>	<u>51,101,467</u>

(c) By purpose

Purchase of securities	1,916,263	1,943,627
Purchase of transport vehicles	6,519,848	5,140,926
Purchase of landed property:		
- residential	12,864,401	12,218,075
- non-residential	1,595,519	1,169,819
Purchase of property, plant and equipment other than land and building	2,578,022	1,955,749
Personal use	1,950,596	1,832,967
Credit card	1,288,406	994,954
Purchase of consumer durables	114,206	141,801
Construction	2,239,055	2,538,221
Working capital	22,919,685	21,671,913
Other purpose	2,138,507	1,493,415
	<u>56,124,508</u>	<u>51,101,467</u>

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000
A17. Loans, Advances and Financing (continued)		
(d) NPLs by purpose		
Purchase of securities	70,256	115,303
Purchase of transport vehicles	391,342	295,827
Purchase of landed property:		
- residential	1,282,280	1,135,649
- non-residential	141,531	149,262
Purchase of property, plant and equipment other than land and building	102,341	104,634
Personal use	171,162	182,282
Credit card	45,484	36,500
Purchase of consumer durables	10,558	14,541
Construction	342,741	441,254
Working capital	1,662,265	1,773,332
Other purpose	57,077	90,546
	<u>4,277,037</u>	<u>4,339,130</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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	Group	
	As at 31 Dec 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 year	4,339,130	5,120,188
Classified as non-performing during the financial year	4,080,889	2,529,246
Amount recovered	(569,812)	(391,128)
Reclassified as performing during the financial year	(2,712,691)	(1,695,732)
Amount written off	(789,256)	(1,190,825)
Loans/financing converted to securities	(66,371)	(29,131)
Exchange difference	(4,852)	(3,488)
Balance as at the end of the financial year	<u>4,277,037</u>	<u>4,339,130</u>
Specific allowance	<u>(1,755,408)</u>	<u>(1,820,999)</u>
Net NPLs	<u><u>2,521,629</u></u>	<u><u>2,518,131</u></u>
Ratio of net NPLs as % of gross loans, advances and financing less specific allowance	<u><u>4.63%</u></u>	<u><u>5.11%</u></u>

(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:

General allowance

Balance as at the beginning of the financial year	921,583	824,954
Net allowance made during the financial year	56,653	97,758
Exchange difference	(2,022)	(1,129)
Balance as at the end of the financial year	<u>976,214</u>	<u>921,583</u>
As % of gross loans, advances and financing less specific allowance	<u><u>1.79%</u></u>	<u><u>1.87%</u></u>

Specific allowance

Balance as at the beginning of the financial year	1,821,128	2,457,174
Allowance made during the financial year	968,885	762,307
Transferred to accumulated impairment loss in value of securities	(56,215)	(12,498)
Amount transferred from other debtors	788	-
Amount recovered	(237,455)	(186,810)
Amount written off	(738,069)	(1,197,510)
Exchange difference	(3,654)	(1,535)
Balance as at the end of the financial year	<u>1,755,408</u>	<u>1,821,128</u>

RHB CAPITAL BERHAD (312952 – H)
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	Group		Company	
	As at	As at	As at	As at
	<u>31 Dec 2006</u>	<u>31 Dec 2005</u>	<u>31 Dec 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000	RM'000	RM'000
A18. Other Assets				
Other debtors, deposits and prepayments	347,305	258,803	32,843	32,985
Accrued interest receivable	216,614	166,683	14	26
Derivatives	168,819	47,554	-	-
Amount recoverable from BNM	1,379	1,705	-	-
	<u>734,117</u>	<u>474,745</u>	<u>32,857</u>	<u>33,011</u>

A19. Amount Due from Holding Company

During the financial year ended 31 December 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 Dec 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000
A20. Deposits from Customers		
(a) By type of deposits		
Demand deposits	15,638,515	13,641,429
Savings deposits	4,861,397	4,722,989
Fixed deposits	34,273,158	29,522,918
Negotiable instrument of deposits	2,752,462	2,033,774
	<u>57,525,532</u>	<u>49,921,110</u>
(b) By type of customers		
Government and statutory bodies	4,336,106	3,181,956
Business enterprises	28,619,833	22,649,695
Individuals	22,674,291	22,823,334
Others	1,895,302	1,266,125
	<u>57,525,532</u>	<u>49,921,110</u>

A21. Deposits and Placements of Banks and Other Financial Institutions

Licensed banks	8,643,917	7,179,159
Licensed finance companies	-	62,770
Licensed merchant banks	101,286	523,788
BNM	1,192,276	948,947
Other financial institutions	1,639,639	2,314,167
	<u>11,577,118</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 Dec 2006</u>	<u>31 Dec 2005</u>	<u>31 Dec 2006</u>	<u>31 Dec 2005</u>
	RM'000	RM'000	RM'000	RM'000
A22. Other Liabilities				
Other creditors and accruals	497,788	444,172	4,326	7,972
Accrued interest payable	472,818	347,041	35,464	30,466
Amount due to BNM	296,129	256,738	-	-
Derivatives	158,231	69,251	-	-
Accruals for operational expenses	154,392	146,772	-	-
General insurance fund	136,821	130,055	-	-
Short term employee benefits	115,968	83,015	-	-
Lessee deposits	82,778	80,935	-	-
Prepaid instalment	61,889	51,594	-	-
Remisiers' trust deposits	11,181	8,954	-	-
Amount payable for creation of units due to funds	3,729	865	-	-
Amount due to Danaharta	1,725	1,909	-	-
Hire-purchase creditors	1,062	1,624	1,062	1,624
Credit Guarantee Corporation Funding Program	-	704	-	-
	<u>1,994,511</u>	<u>1,623,629</u>	<u>40,852</u>	<u>40,062</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A23. Segment Information

Revenue and Results

31 Dec 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	1,805,581	1,704,268	1,482,870	236,099	12,122	109,887	57,261	98,702	-	5,506,790
Intersegment revenue	12,359	3,932	40,712	-	-	448	14,235	31,641	(103,327)	-
Segment revenue	<u>1,817,940</u>	<u>1,708,200</u>	<u>1,523,582</u>	<u>236,099</u>	<u>12,122</u>	<u>110,335</u>	<u>71,496</u>	<u>130,343</u>	<u>(103,327)</u>	<u>5,506,790</u>
Profit before unallocated expenses	486,752	253,339	390,703	172,729	6,389	37,950	44,680	84,320		1,476,862
Unallocated expenses										<u>(536,091)</u>
Profit after unallocated expenses										940,771
Share of results of associates	-	-	-	-	-	340	-	(815)		<u>(475)</u>
Profit before INCPS dividends, taxation and zakat										940,296
INCPS dividends										<u>(110,447)</u>
Profit after INCPS dividends and before taxation and zakat										829,849
Taxation and zakat										<u>(233,952)</u>
Profit for the financial year										<u><u>595,897</u></u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A23. Segment Information (continued)

Revenue and Results

31 Dec 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	1,558,862	1,456,410	1,069,885	147,674	10,774	99,670	32,454	93,154	-	4,468,883
Intersegment revenue	9,185	6,750	93,027	-	-	-	16,315	25,868	(151,145)	-
Segment revenue	<u>1,568,047</u>	<u>1,463,160</u>	<u>1,162,912</u>	<u>147,674</u>	<u>10,774</u>	<u>99,670</u>	<u>48,769</u>	<u>119,022</u>	<u>(151,145)</u>	<u>4,468,883</u>
Profit before unallocated expenses	405,731	247,605	353,745	107,123	4,324	13,951	24,143	43,797		1,200,419
Unallocated expenses										<u>(511,846)</u>
Profit after unallocated expenses										688,573
Share of results of associates	-	-	-	-	-	313	-	(18)		<u>295</u>
Profit before INCPS dividends, taxation and zakat										688,868
INCPS dividends										<u>(110,447)</u>
Profit after INCPS dividends and before taxation and zakat										578,421
Taxation and zakat										<u>(145,773)</u>
Profit for the financial year										<u><u>432,648</u></u>

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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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 financial statements, except for the following:

Offer by EON Capital Berhad ('EONCap') to acquire the entire business and undertaking of the Company

The Board of Directors of the Company ('Board') had on 7 February 2007, received an offer by EONCap to acquire the entire business and undertaking of the Company including all the assets and liabilities of the Company at an aggregate cash consideration equivalent to approximately RM4.80 per ordinary share of RM1.00 each in the issued and paid up share capital of the Company ('RHB Capital Share') multiplied by the total outstanding RHB Capital Shares ('Business Acquisition Offer').

The Company had, on 14 February 2007, written to EONCap requesting for an extension of the deadline to respond to the above Business Acquisition Offer, to which, EONCap had, vide its letter dated 16 February 2007, agreed to extend such deadline to 2 March 2007. The Board of the Company is presently evaluating all aspects in relation to the above Business Acquisition Offer before responding to EONCap.

A26. Changes in Composition of the Group

The significant changes in the composition of the Group for the financial year ended 31 December 2006 are summarised below:

(a) Members' voluntary winding up

(i) Straits Nominees (Asing) Sdn Bhd ('SNA') and Straits Nominees (Tempatan) Sdn Bhd

The Company announced on 3 April 2006 that SNA and SNT, wholly-owned subsidiaries of RHB Investment Bank Berhad ('RHB Investment Bank') [formerly known as RHB Sakura Merchant Bankers Berhad ('RHB Sakura')], which in turn is a wholly-owned subsidiary of 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.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

A26. Changes in Composition of the Group (continued)

(a) Members' voluntary winding up (continued)

(ii) RHB Asia Pte Ltd ('RHB Asia')

The Company announced on 29 November 2006 that RHB Asia, a wholly-owned subsidiary of the Company, has commenced members' voluntary winding up on 29 November 2006 pursuant to Section 290(1)(b) of the Singapore Companies Act, Cap. 50.

RHB Asia is a private limited company, incorporated and domiciled in Singapore. The principal activity of RHB Asia is investment holding with an issued and paid up capital of SGD12,000,000.

The winding up of RHB Asia will not adversely affect the Group's performance.

(b) Merger of RHB Bank Berhad ('RHB Bank') and RHB Delta Sdn Bhd's ('RHB Delta') (formerly known as RHB Delta Finance Berhad) 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 with the exception of the Islamic assets and liabilities, were transferred to RHB Bank;
- (ii) all businesses and operations of RHB Delta will be conducted through RHB Bank;
- (iii) the Islamic assets and liabilities of RHB Delta 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.

(c) Dissolution of subsidiaries

(i) RHB Overseas Limited ('RHBOL')

The Company announced on 21 June 2006 that RHBOL, a wholly-owned subsidiary of RHB Capital (Jersey) Limited, which in turn is a wholly-owned subsidiary of the Company, has been dissolved on 9 June 2006 upon registration of the relevant documents with the Jersey Financial Services Commission on the same date.

RHBOL, a company incorporated in Jersey, Channel Islands, has been dormant since its incorporation on 26 February 1997.

The dissolution of RHBOL will not have any material effect on the Group's performance.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

A26. Changes in Composition of the Group (continued)

(c) Dissolution of subsidiaries (continued)

(ii) RHB Management Services (Jersey) Limited ('RHBMSJ')

The Company announced on 12 February 2007 that RHBMSJ, a wholly-owned subsidiary of RHB Investment Bank, which in turn is a wholly-owned subsidiary of the Company, has been dissolved on 23 January 2007 upon registration of the relevant documents with the Jersey Financial Services Commission on the same date.

The principal activity of RHBMSJ, a company incorporated in Jersey, Channel Islands was that of providing management services.

The dissolution of RHBMSJ will not have any material effect on the Group's performance.

(d) Acquisition of Straits Asset Holdings Sdn Bhd ('Straits Asset')

Straits Asset has become a direct subsidiary of the Company with effect from 22 September 2006 pursuant to:

- (i) the acquisition of 100% of the issued and paid-up share capital of Straits Asset ('SAHSB Shares') by RHB Investment Bank from RHB Marketing Services Sdn Bhd, a wholly-owned subsidiary of RHB Investment Bank; and
- (ii) subsequent acquisition of SAHSB Shares by the Company from RHB Investment Bank.

(e) Incorporation of new subsidiaries - RHB Private Equity Management Ltd ('RHB PE Management') and RHB Private Equity Fund Ltd ('RHB PE Fund')

The Company announced on 16 October 2006 that two new companies, RHB PE Management and RHB PE Fund have been incorporated in the Federal Territory of Labuan on 15 September 2006 and Cayman Islands on 29 September 2006 respectively.

RHB PE Fund is a wholly-owned subsidiary of RHB PE Management, whilst RHB PE Management is a wholly-owned subsidiary of RHB Private Equity Holdings Sdn Bhd (formerly known as RHB Holdings Sdn Bhd), which in turn, is wholly-owned by RHB Investment Bank.

Both RHB PE Management and RHB PE Fund are set up to conduct private equity business.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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 condensed financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	← Group →					
	As at 31 Dec 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	1,648	1,648	1,480	1,633	1,633	1,471
Transaction-related contingent items	2,320	810	518	2,373	603	483
Short term self-liquidating trade-related contingencies	2,555	511	329	1,979	396	212
Obligations under underwriting agreements	440	132	132	511	132	132
Housing loans sold directly and indirectly to Cagamas with recourse	41	41	20	44	44	22
Irrevocable commitments to extend credit						
- maturity not exceeding one year	22,103	-	-	20,136	-	-
- maturity exceeding one year	3,658	1,829	1,602	3,606	1,803	1,471
Foreign exchange related contracts						
- less than one year	14,064	241	67	7,924	116	38
- one year to less than five years	387	61	30	153	9	6
Interest rate related contracts						
- less than one year	2,231	2	1	1,154	1	-
- one year to less than five years	6,124	92	21	5,851	112	35
- more than five years	523	34	17	188	6	2
Others	846	20	4	563	21	21
	56,940	5,421	4,221	46,115	4,876	3,893

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

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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 subsidiaries respectively. As at balance sheet date, RM1,000,000 (31 December 2005: RM1,000,000) of the borrowings were utilised by the 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 condensed financial statements for the financial year ended 31 December 2006.

(ii) RHB Excel Sdn Bhd ('RHB Excel') (formerly known as RHB Securities Sdn Bhd) and RHB Equities Sdn Bhd ('RHB Equities')

RHB Excel, a wholly-owned subsidiary of RHB Investment Bank, and RHB Equities, a wholly-owned subsidiary 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 Excel 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 Excel and RHB Equities have filed a defence and counterclaim against the said suit.

Plaintiff's suit against RHB Excel 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 Excel to deal with the collateral lapses. On 14 June 2005, the plaintiff filed an application for a stay of execution.

RHB Excel 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 Excel is prohibited from disposing the shares until the hearing and disposal of the Appeal to the Court of Appeal.

With effect from 30 December 2006, the assets and liabilities of RHB Excel including the above suit have been vested into RHB Investment Bank pursuant to a vesting order of the High Court.

**RHB CAPITAL BERHAD (312952 – H)
 NOTES TO THE CONDENSED FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000
A28. Capital Commitments		
Capital expenditure for property, plant and equipment:		
- authorised and contracted for	26,291	42,900
- authorised but not contracted for	37,371	36,290
	<u>63,662</u>	<u>79,190</u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A29. Interest/Profit Rate Risk

Group As at 31 Dec 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	10,282,356	-	-	-	-	389,197	-	10,671,553	3.56
Securities purchased under resale agreements	1,034,585	1,656,956	-	-	-	-	-	2,691,541	3.81
Deposits and placements with banks and other financial institutions	45,869	4,904,294	640,257	-	-	-	-	5,590,420	3.63
Securities									
- held-for-trading	-	-	-	-	-	900	5,159,742	5,160,642	4.02
- AFS	2,572,387	1,379,380	766,748	905,409	452,459	192,967	-	6,269,350	4.02
- held-to-maturity	2,537,605	2,625,594	1,646,359	4,965,970	1,563,320	(231,263)	-	13,107,585	3.80
Loans, advances and financing									
- performing	30,268,891	6,494,649	4,934,467	7,622,456	2,526,870	138	-	51,847,471	6.84
- non-performing*	-	-	-	-	-	1,545,415	-	1,545,415	
Clients' and brokers' balances	36,824	-	-	-	-	140,203	-	177,027	0.66
Other assets	1,798	-	245	753	1,139	561,363	168,819	734,117	5.82
Amount due from holding company	1,236,030	-	-	-	-	-	-	1,236,030	6.91
Statutory deposits	-	-	-	-	-	1,905,043	-	1,905,043	
Tax recoverable	-	-	-	-	-	53,032	-	53,032	
Deferred tax assets	-	-	-	-	-	254,767	-	254,767	
Investments in associates	-	-	-	-	-	15,289	-	15,289	
Property, plant and equipment	-	-	-	-	-	883,180	-	883,180	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
Total assets	48,016,345	17,060,873	7,988,076	13,494,588	4,543,788	6,877,744	5,328,561	103,309,975	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPLs.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A29. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 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	22,611,554	7,156,792	12,883,730	614,609	200	14,258,647	-	57,525,532	3.17
Deposits and placements of banks and other financial institutions	5,999,638	3,427,159	1,110,117	949,725	89,050	1,429	-	11,577,118	3.67
Obligations on securities sold under repurchase agreements	12,720,136	2,275,063	-	-	-	-	-	14,995,199	3.38
Bills and acceptances payable	1,272,468	1,493,303	605,157	-	-	407,830	-	3,778,758	3.88
Clients' and brokers' balances	56,973	-	-	-	-	194,399	-	251,372	2.84
Other liabilities	296,649	9,225	269	706	-	1,529,431	158,231	1,994,511	3.63
Recourse obligation on loans sold to Cagamas	122,267	-	658,771	1,882,468	215,778	-	-	2,879,284	4.52
Taxation	-	-	-	-	-	90,518	-	90,518	
Deferred tax liabilities	-	-	-	-	-	16,522	-	16,522	
Borrowings	615,600	-	-	594,904	341,308	-	-	1,551,812	6.55
Subordinated obligations	-	-	-	1,493,158	-	-	-	1,493,158	6.91
									Effective dividend rate %
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
Total liabilities	43,695,285	14,361,542	15,258,044	6,640,039	646,336	16,498,776	158,231	97,258,253	
Total equity	-	-	-	-	-	6,051,722	-	6,051,722	
Total liabilities and equity	43,695,285	14,361,542	15,258,044	6,640,039	646,336	22,550,498	158,231	103,309,975	
Total interest-sensitivity gap	4,321,060	2,699,331	(7,269,968)	6,854,549	3,897,452				

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A29. Interest/Profit Rate Risk (continued)

Company As at 31 Dec 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	12,800	-	-	-	-	598	-	13,398	3.00
Deposits and placements with banks and other financial institutions	-	704	467	-	-	-	-	1,171	3.46
Other assets	-	-	-	-	-	32,857	-	32,857	
Amount due from holding company	1,236,030	-	-	-	-	-	-	1,236,030	6.91
Amounts due from subsidiaries	-	-	-	-	-	126,200	-	126,200	
Tax recoverable	-	-	-	-	-	19,172	-	19,172	
Investments in subsidiaries	-	-	-	-	-	6,911,026	-	6,911,026	
Property, plant and equipment	-	-	-	-	-	1,295	-	1,295	
Total assets	1,248,830	704	467	-	-	7,091,148	-	8,341,149	
Liabilities and equity									
Other liabilities	29	58	269	706	-	39,790	-	40,852	5.40
Amounts due to subsidiaries	11,180	-	-	-	-	3,251,408	-	3,262,588	5.92
Deferred tax liabilities	-	-	-	-	-	45	-	45	
Borrowings	333,200	-	-	594,904	341,308	-	-	1,269,412	6.71
Total liabilities	344,409	58	269	595,610	341,308	3,291,243	-	4,572,897	
Total equity	-	-	-	-	-	3,768,252	-	3,768,252	
Total liabilities and equity	344,409	58	269	595,610	341,308	7,059,495	-	8,341,149	
Total interest-sensitivity gap	904,421	646	198	(595,610)	(341,308)				

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

A29. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 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
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	3.06
Securities									
- held-for-trading	-	-	-	-	-	740	3,368,227	3,368,967	3.57
- AFS	170,164	467,306	431,634	795,186	218,143	78,714	-	2,161,147	3.79
- held-to-maturity	1,730,533	1,764,960	3,352,671	4,557,924	2,686,672	(179,459)	-	13,913,301	3.52
Loans, advances and financing									
- performing	27,118,975	4,746,067	3,876,081	6,793,917	4,227,122	46	-	46,762,208	6.42
- non-performing*	-	-	-	-	-	1,596,548	-	1,596,548	
Clients' and brokers' balances	-	-	-	-	-	162,220	-	162,220	
Other assets	150	-	167	631	1,301	424,942	47,554	474,745	3.95
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	42,405,244	10,513,833	7,775,872	12,147,758	7,133,238	6,506,523	3,415,781	89,898,249	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding NPLs.

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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A29. Interest/Profit Rate Risk (continued)

Group As at 31 Dec 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
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	2.98
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	2.86
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	546,772	296,772	-	-	1,342,669	6.43
Subordinated obligations	-	-	-	1,530,252	-	-	-	1,530,252	6.91
									Effective dividend rate %
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	10.00
Total liabilities	36,010,980	12,296,444	13,105,788	6,545,587	1,695,449	14,668,118	69,251	84,391,617	
Total equity	-	-	-	-	-	5,506,632	-	5,506,632	
Total liabilities and equity	36,010,980	12,296,444	13,105,788	6,545,587	1,695,449	20,174,750	69,251	89,898,249	
Total interest-sensitivity gap	6,394,264	(1,782,611)	(5,329,916)	5,602,171	5,437,789				

RHB CAPITAL BERHAD (312952 – H)
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A29. Interest/Profit Rate Risk (continued)

Company As at 31 Dec 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	-	-	-	-	-	33,011	-	33,011	
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	-	-	6,968,070	-	8,210,666	
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	546,772	296,772	-	-	1,342,669	6.43
Total liabilities	469,821	64	125,297	548,003	296,772	3,282,186	-	4,722,143	
Total equity	-	-	-	-	-	3,488,523	-	3,488,523	
Total liabilities and equity	469,821	64	125,297	548,003	296,772	6,770,709	-	8,210,666	
Total interest-sensitivity gap	685,201	87,058	(124,845)	(548,003)	(296,772)				

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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	Group	
	As at	As at
	31 Dec 2006	31 Dec 2005
	RM'000	RM'000
A30. Capital Adequacy Ratio		
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	1,881,513	1,558,620
Deferred tax assets	(254,767)	(247,505)
Deferred tax liabilities	16,522	2,904
Minority interests	1,123,683	1,014,077
Less: Goodwill	(1,167,513)	(1,167,513)
Total Tier I capital	5,641,975	5,203,120
Tier II capital		
Subordinated obligations	1,493,158	1,530,252
General allowance for bad and doubtful debts	976,214	921,583
Total Tier II capital	2,469,372	2,451,835
Total capital	8,111,347	7,654,955
Less:		
Holdings of other financial institutions capital	(39,998)	(43,710)
Total capital base	8,071,349	7,611,245
<u>Before deducting proposed dividends</u>		
Core capital ratio	9.17%	9.39%
Risk-weighted capital adequacy ratio	13.06%	13.73%
<u>After deducting proposed dividends</u>		
Core capital ratio	9.04%	9.39%
Risk-weighted capital adequacy ratio	12.93%	13.73%

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
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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 and minority interests 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 year 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 year.

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

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

B1. Review of Group Results

For the financial year ended 31 December 2006, the Group recorded a profit before INCPS dividends, taxation and zakat of RM940.3 million, 36% higher than that of the previous financial year of RM688.9 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 fourth quarter ended 31 December 2006, the Group recorded a profit before INCPS dividends, taxation and zakat of RM255.5 million as compared to the profit of RM224.4 million recorded in the preceding quarter ended 30 September 2006. The higher profit was mainly due to higher operating profit, partly offset by higher allowance for losses on loans and financing and higher impairment loss.

B3. Prospects for the Financial Year Ending 31 December 2007

The business environment in the year just passed has been conducive to the Group's improving performance. As the economy improves, stimulated by improvements in the Securities market and the implementation of several major mergers and amalgamation exercises, the Group views the current year as an improving window for business opportunities and revenue enhancements.

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.

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
B5. Taxation				
Group				
Income tax based on profit for the financial period/year				
- Malaysian income tax	69,938	64,481	276,499	238,139
- overseas tax	457	508	1,451	795
Deferred tax	9,684	(8)	(4,816)	(47,226)
Tax on INCPS dividends	(7,795)	(7,786)	(30,925)	(30,925)
	<u>72,284</u>	<u>57,195</u>	<u>242,209</u>	<u>160,783</u>
Over provision in respect of prior years	(6,957)	(14,753)	(7,091)	(15,931)
	<u><u>65,327</u></u>	<u><u>42,442</u></u>	<u><u>235,118</u></u>	<u><u>144,852</u></u>

RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

B5. Taxation (continued)

The effective tax rate of the Group for the fourth quarter and for the financial year ended 31 December 2006 was higher than statutory tax rate mainly due to certain expenses not being deductible for tax purposes.

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
<u>Company</u>				
Income tax based on profit for the financial period/year				
- Malaysian income tax	4,210	7,194	118,226	90,593
- overseas tax	-	-	1,243	-
Deferred tax	45	-	45	-
	<u>4,255</u>	<u>7,194</u>	<u>119,514</u>	<u>90,593</u>
Over provision in respect of prior years	(3,052)	(2,694)	(3,052)	(2,694)
	<u>1,203</u>	<u>4,500</u>	<u>116,462</u>	<u>87,899</u>

The effective tax rate of the Company for the fourth quarter and for the financial year ended 31 December 2006 was higher than statutory tax rate mainly due to certain expenses not being deductible for tax purposes.

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 financial year ended 31 December 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 financial year ended 31 December 2006.

B8. Status of Corporate Proposals

(a) Creation of an Investment Bank

The Company announced on 4 July 2006 that BNM and the Securities Commission ('SC') had approved the proposed establishment of an investment bank by its subsidiary, RHB Investment Bank, by way of the proposed acquisition of the assets and liabilities of RHB Excel and RHB Progressive Sdn Bhd ('RHB Progressive') [formerly known as RHB Futures Sdn Bhd] ('Proposed IB Merger').

The said approval is conditional upon, amongst others, the following:

- (i) the implementation of the Proposed IB Merger is to be completed within a period of one year from 30 June 2006; and
- (ii) RHB Investment Bank shall comply with all requirements of the guidelines issued by BNM and SC in relation to the Investment Bank framework at all times.

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B8. Status of Corporate Proposals (continued)

(a) Creation of an Investment Bank (continued)

RHB Excel and RHB Progressive are wholly-owned subsidiaries of RHB Investment Bank, which in turn is a wholly-owned subsidiary of the Company.

The Company announced on 13 October 2006 that RHB Sakura changed its name to RHB Investment Bank on 10 October 2006 in line with Rashid Hussain Berhad Group's plan to transform the merchant bank into an investment bank.

On 28 December 2006, the Company announced that the vesting orders for the transfer of the business, assets and liabilities of RHB Excel and RHB Progressive respectively which was obtained on 12 December 2006, to RHB Investment Bank shall take effect on 30 December 2006, thereby completing the transformation of RHB Investment Bank into a full fledged investment bank.

Other than the above, there were no other corporate proposals that have been announced but not completed as at the date of this announcement.

(b) Utilisation of Proceeds

Following the issuance of the RM350 million Bonds under the Proposed PDS Program as disclosed in A6(a), the proceeds of the RM350 million Bonds were utilised as follows:

	RM'million
Early redemption of the Company's Redeemable Serial Fixed Rate Bonds 2002/2007	199.5
Partial repayment of the Company's existing borrowings	140.7
Repayment of interest on borrowings	0.7
	<u>340.9</u>

The balance of RM9.1 million represents discount on the RM350 million Bonds which is amortised throughout the tenure of the bonds.

As at 31 December 2006, the Company has not issued any CP/MTN.

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

	Group	
	As at 31 Dec 2006	As at 31 Dec 2005
	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions		
Fixed deposits, promissory notes and negotiable instrument of deposits		
- one year or less (short term)	36,610,811	31,048,028
- more than one year (medium/long term)	414,809	508,664
Others	20,499,912	18,364,418
	<u>57,525,532</u>	<u>49,921,110</u>

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

	Group			
	As at	As at	As at	As at
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
(a) Deposits from customers and placements of banks and other financial institutions (continued)				
Deposits and placements of banks and other financial institutions				
- one year or less (short term)	10,560,184	9,763,781		
- more than one year (medium/long term)	1,016,934	1,265,050		
	<u>11,577,118</u>	<u>11,028,831</u>		
	Group		Company	
	As at	As at	As at	As at
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000
(b) Borrowings				
Secured:				
Revolving credits	-	18,000	-	18,000
Term loans	240,000	240,000	240,000	240,000
Unsecured:				
Revolving credits	93,200	111,952	93,200	111,952
Overdrafts	-	4,173	-	4,173
Term loans	282,400	-	-	-
Redeemable Serial Fixed				
Rate Bonds 2002/2007	-	375,000	-	375,000
RM600 million 6 years				
Serial Fixed Rate Bonds	594,904	593,544	594,904	593,544
RM350 million				
Fixed Rate Bonds	341,308	-	341,308	-
	<u>1,551,812</u>	<u>1,342,669</u>	<u>1,269,412</u>	<u>1,342,669</u>
Maturity period of borrowings:				
Repayable within one year	93,200	259,125	93,200	259,125
One year to three years	389,173	490,000	389,173	490,000
Three years to five years	445,731	297,244	445,731	297,244
Over five years	623,708	296,300	341,308	296,300
	<u>1,551,812</u>	<u>1,342,669</u>	<u>1,269,412</u>	<u>1,342,669</u>

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

	Group	
	As at	As at
	31 Dec 2006	31 Dec 2005
	RM'000	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	528,158	565,252
	<u>1,493,158</u>	<u>1,530,252</u>

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

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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 December 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	3,867	2,107	1,235	396	129	-	-	-
- swaps	9,078	5,452	1,971	1,565	86	4	-	-
- options	46	33	1	12	-	-	-	-
- spots	777	777	-	-	-	-	-	-
- cross-currency interest rate swaps	683	-	-	300	-	383	-	-
Interest rate related contracts								
- futures	4,570	-	330	380	710	3,150	-	3,609
- swaps	4,308	478	170	298	515	2,549	298	-
Total	23,329	8,847	3,707	2,951	1,440	6,086	298	3,609

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.

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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 profit and loss (for example, when the forecast sale that is hedged takes place).

(c) Derivatives that do not qualify for hedge accounting

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

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B11. Material Litigation

(a) Carta Bintang Sdn Bhd

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

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

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

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.

Both 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 High Court dismissed with costs the Company's claim against the defendant.

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

No date has been fixed for hearing of the Notice of Appeal.

**RHB CAPITAL BERHAD (312952 – H)
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

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, a Writ of Summons had been filed at the High Court of Malaya in Kuala Lumpur by the Company, RHB Excel 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 Excel 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 Excel 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 Excel 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 Excel and/or RHB Equities.

On 2 March 2005, the Company, RHB Excel and RHB Equities filed a fresh Writ of Summons ('New Writ') on the additional grounds of dishonest breach of fiduciary duties and fraudulent breach of trust. The earlier Writ of Summons was discontinued upon filing of the New Writ.

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.

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

The hearing of the suit will continue on 19 to 23 March 2007, 23 to 25 April 2007, 2 to 5 May 2007, 6 to 10 August 2007, 17 to 21 September 2007 and 22 to 26 October 2007.

RHB Equities is a wholly-owned subsidiary of the Company.

With effect from 30 December 2006, the assets and liabilities of RHB Excel including the above suit have been vested into RHB Investment Bank Berhad pursuant to a vesting order of the High Court.

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

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B12. Dividends Declared

- (a) A proposed gross final dividend of 6.0% less 27% income tax has been proposed for the current quarter:
- (i) Amount per share: 6% less 27% income tax
 - (ii) Previous corresponding quarter: Nil
 - (iii) Entitlement date: to be announced later
 - (iv) Payment date: to be announced later
- (b) The total gross dividend per share for the current financial year: 8.0%, comprising 2.0% less 28% income tax and 6.0% less 27% income tax.

	4th quarter ended		12 months ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005

B13. Earnings per Share

Basic earnings per share

Profit attributable to equity holders of the parent (RM'000)	<u>123,742</u>	<u>71,523</u>	<u>438,310</u>	<u>315,778</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>6.8</u>	<u>3.9</u>	<u>24.0</u>	<u>17.3</u>

BY ORDER OF THE BOARD

AZMAN SHAH MD YAMAN
(Licence No. LS0006901)

Company secretary

28 February 2007