

**UNAUDITED CONSOLIDATED RESULTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

UNAUDITED CONDENSED BALANCE SHEETS AS AT 30 SEPTEMBER 2006

	Group		Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
Assets				
Cash and short term funds	888,548	652,329	821,543	608,864
Securities purchased under resale agreements	135,083	85,482	-	-
Deposits and placements with banks and other financial institutions	297,320	101,921	297,200	100,000
Securities held-for-trading	3,411,437	1,567,910	3,408,863	1,563,881
Securities available-for-sale ('AFS')	440,819	157,441	434,992	153,402
Securities held-to-maturity	338,629	337,721	338,629	337,721
Loans and advances	554,209	639,599	554,209	639,599
Clients' and brokers' balances	262,282	247,268	-	-
Other assets	75,655	35,118	37,708	23,811
Amount due from holding company	-	205,180	-	-
Amount due from a subsidiary	-	-	-	53,153
Statutory deposit with Bank Negara Malaysia	79,906	76,606	79,906	76,606
Investment in subsidiaries	-	-	376,669	482,866
Tax recoverable	37,710	15,923	38,229	16,936
Deferred tax assets	3,085	7,021	2,924	6,939
Property, plant and equipment	19,422	15,363	3,249	4,468
Goodwill	172,844	172,844	-	-
Total assets	6,716,949	4,317,726	6,394,121	4,068,246
Liabilities and shareholder's equity				
Deposits from customers	1,894,725	1,252,417	1,894,725	1,252,417
Deposits and placements of banks and other financial institutions	1,415,806	1,003,680	1,415,806	1,003,680
Obligations on securities sold under repurchase agreements	2,235,297	822,378	2,235,297	822,378
Clients' and brokers' balances	212,935	198,490	-	-
Taxation	7,749	3,445	-	-
Deferred tax liabilities	8,294	209	6,114	-
Other liabilities	108,642	70,650	39,698	36,382
Subordinated bonds	165,000	165,000	165,000	165,000
Total liabilities	6,048,448	3,516,269	5,756,640	3,279,857
Share capital	338,646	338,646	338,646	338,646
Reserves	329,855	462,811	298,835	449,743
Shareholder's equity	668,501	801,457	637,481	788,389
Total liabilities and shareholder's equity	6,716,949	4,317,726	6,394,121	4,068,246
Commitments and Contingencies	7,306,997	5,750,425	7,306,097	5,750,425

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2005).

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	Group			
	3 months ended 30.09.2006	9 months ended 30.09.2006	3 months ended 30.09.2005	9 months ended 30.09.2005
	RM'000	RM'000	RM'000	RM'000
Interest income	52,770	128,741	43,420	121,172
Interest expense	<u>(40,786)</u>	<u>(96,515)</u>	<u>(28,339)</u>	<u>(83,071)</u>
Net interest income	11,984	32,226	15,081	38,101
Other operating income	<u>37,158</u>	<u>123,557</u>	<u>47,934</u>	<u>177,760</u>
Net income	49,142	155,783	63,015	215,861
Other operating expenses	<u>(33,983)</u>	<u>(88,714)</u>	<u>(37,804)</u>	<u>(95,894)</u>
Operating profit before allowances	15,159	67,069	25,211	119,967
Allowances for losses on loans and other losses	<u>(6,062)</u>	<u>(16,372)</u>	<u>(3,688)</u>	<u>(27,152)</u>
Allowances for impairment loss	-	-	2,933	319
Profit before taxation	9,097	50,697	24,456	93,134
Taxation	<u>(1,710)</u>	<u>(14,264)</u>	<u>(6,285)</u>	<u>(25,287)</u>
Net profit for the period	<u>7,387</u>	<u>36,433</u>	<u>18,171</u>	<u>67,847</u>
Basic earnings per share (sen)	<u>2.2</u>	<u>10.8</u>	<u>5.4</u>	<u>20.0</u>

	Bank			
	3 months ended 30.09.2006	9 months ended 30.09.2006	3 months ended 30.09.2005	9 months ended 30.09.2005
	RM'000	RM'000	RM'000	RM'000
Interest income	49,067	117,896	39,767	109,408
Interest expense	<u>(40,648)</u>	<u>(95,688)</u>	<u>(27,507)</u>	<u>(79,610)</u>
Net interest income	8,419	22,208	12,260	29,798
Other operating income	<u>95,472</u>	<u>138,227</u>	<u>27,883</u>	<u>108,107</u>
Net income	103,891	160,435	40,143	137,905
Other operating expenses	<u>(12,024)</u>	<u>(32,222)</u>	<u>(13,369)</u>	<u>(31,710)</u>
Operating profit before allowances	91,867	128,213	26,774	106,195
Allowances for losses on loans and other losses	<u>(7,166)</u>	<u>(18,334)</u>	<u>(4,562)</u>	<u>(16,707)</u>
Allowances for impairment loss	<u>(82,338)</u>	<u>(82,338)</u>	2,933	319
Profit before taxation	2,363	27,541	25,145	89,807
Taxation	<u>175</u>	<u>(7,752)</u>	<u>(6,881)</u>	<u>(26,875)</u>
Net profit for the period	<u>2,538</u>	<u>19,789</u>	<u>18,264</u>	<u>62,932</u>
Basic earnings per share (sen)	<u>0.7</u>	<u>5.8</u>	<u>5.4</u>	<u>18.6</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2005).

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

Group	Share capital RM '000	Non-distributable			Distributable	Total RM '000
		Statutory reserve RM '000	Revaluation reserve RM'000	Translation reserve RM '000	Retained profits RM '000	
Balance as at 31.12.05	338,646	239,009	(9,165)	58	232,909	801,457
Net profit for the financial period	-	-	-	-	36,433	36,433
Currency translation differences	-	-	-	20	-	20
Unrealised gain arising in fair value of AFS	-	-	59,815	-	-	59,815
AFS reserve realised on disposal	-	-	(23,461)	-	-	(23,461)
Deferred tax	-	-	(10,179)	-	-	(10,179)
Dividend for year ended 31.12.05	-	-	-	-	(53,642)	(53,642)
Dividend for current year	-	-	-	-	(141,942)	(141,942)
Balance as at 30.09.06	338,646	239,009	17,010	78	73,758	668,501
Balance as at 31.12.04	338,646	220,770	3,825	98	269,773	833,112
Net profit for the financial period	-	-	-	-	67,847	67,847
Currency translation differences	-	-	-	(32)	-	(32)
Unrealised loss arising in fair value of AFS	-	-	(7,718)	-	-	(7,718)
AFS reserve realised on disposal	-	-	(8,596)	-	-	(8,596)
AFS reserve realised on impairment	-	-	397	-	-	397
Deferred tax	-	-	4,457	-	-	4,457
Dividend for period ended 31.12.04	-	-	-	-	(97,530)	(97,530)
Balance as at 30.09.05	338,646	220,770	(7,635)	66	240,090	791,937
Bank	Share capital RM '000	Statutory reserve RM '000	Revaluation reserve RM '000	Translation reserve RM '000	Retained profits RM '000	Total RM '000
Balance as at 31.12.05	338,646	239,009	(9,165)	219,899	788,389	788,389
Net profit for the financial period	-	-	-	19,789	19,789	19,789
Unrealised gain arising in fair value of AFS	-	-	58,026	-	-	58,026
AFS reserve realised on disposal	-	-	(23,461)	-	-	(23,461)
Deferred tax	-	-	(9,678)	-	-	(9,678)
Dividend for the year ended 31.12.05	-	-	-	-	(53,642)	(53,642)
Dividend for current year	-	-	-	-	(141,942)	(141,942)
Balance as at 30.09.06	338,646	239,009	15,722	44,104	637,481	637,481
Balance as at 31.12.04	338,646	220,770	3,825	262,713	825,954	825,954
Net profit for the financial period	-	-	-	62,932	62,932	62,932
Unrealised loss arising in fair value of AFS	-	-	(7,718)	-	(7,718)	(7,718)
AFS reserve realised on disposal	-	-	(8,596)	-	-	(8,596)
AFS reserve realised on impairment	-	-	397	-	-	397
Deferred tax	-	-	4,457	-	-	4,457
Dividend for the period ended 31.12.04	-	-	-	-	(97,530)	(97,530)
Balance as at 30.09.05	338,646	220,770	(7,635)	228,115	779,896	779,896

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2005).

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	Group		Bank	
	9 months ended 30.09.2006 RM'000	9 months ended 30.09.2005 RM'000	9 months ended 30.09.2006 RM'000	9 months ended 30.09.2005 RM'000
Profit before taxation	50,697	93,134	27,541	89,807
Adjustments for items not involving movement of cash and cash equivalents	(5,785)	28,176	73,184	14,462
Operating profit before changes in working capital	44,912	121,310	100,725	104,269
Changes in working capital:				
Net changes in operating assets	(2,109,746)	(206,100)	(2,181,169)	(150,216)
Net changes in operating liabilities	2,515,308	26,032	2,466,187	(5,038)
Tax paid	(10,329)	(5,916)	(8,657)	(4,648)
Net cash (used in)/generated from operating activities	440,145	(64,674)	377,086	(55,633)
Net cash (used in)/generated from investing activities	(8,342)	77,926	31,177	83,282
Net cash generated from/(used in) financing activities	(195,584)	(102,531)	(195,584)	(97,530)
Net change in cash and cash equivalents	236,219	(89,279)	212,679	(69,881)
Cash and cash equivalents at beginning of financial period	652,329	857,948	608,864	791,320
Cash and cash equivalents at end of financial period	888,548	768,669	821,543	721,439
Analysis of cash and cash equivalents:				
Cash and short term fund	888,548	768,669	821,543	721,439

(The Condensed Consolidated Cash Flow Statement should be read in Conjunction with the Annual Financial Report for the financial year ended 31December 2005)

**NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006****1. Review of the performance**

For the nine months ended 30 September 2006, the Group recorded a profit before tax of RM50.7 million compared to RM93.1 million for the previous corresponding period ended 30 September 2005. The lower profit was mainly due to the lower other operating income offset by lower allowances for losses on loans and other losses. Included in the other operating income for the current period was RM24.8 million net gain from sale of securities held-for-trading and available-for-sale, compared to RM61.3 million for the previous corresponding period.

The Bank registered a profit before tax of RM 27.5 million for the nine month ended 30 September 2006 compared to RM89.8 million for the previous corresponding period ended 30 September 2005. Included in the other operating income for the current period was a net gain of RM82.3 million from sale of a subsidiary, Straits Asset Holdings Sdn Bhd. At the same time, the Bank is required to make an allowance for impairment loss for the same amount upon the disposal of the said company. Please refer to Note 17 for the sale and purchase of the said subsidiary.

For the third quarter ended 30 September 2006, the Group recorded a lower profit before tax of RM9.1 million compared to the preceding quarter ended 30 June 2006 of RM27.2 million. The lower profit was mainly due to lower other operating income.

Compared to the corresponding quarter ended 30 September 2005, the Group's profit before tax was lower by RM15.4 million. Other operating income was lower by RM10.7 million mainly due to the decrease in the gain arising from sales and revaluation of securities and derivatives.

The main subsidiary of the Bank, RHB Securities Sdn Bhd, recorded a profit before tax of RM19.5 million for the 9 months ended 30 September 2006 compared to a loss of RM0.4 million for the corresponding period last year.

The Bank's other main subsidiaries, RHB Unit Trust Management Berhad and RHB Asset Management Sdn Bhd contributed RM2.2 million (2005: RM2.6 million) and RM3.1 million (2005: RM3.2 million) respectively to the Group's total profit before tax of RM50.7 million for the 9 months ended 30 September 2006.

2. Prospects for the current financial year ending 31 December 2006

The latest Bank Negara Malaysia's decision to keep its Overnight Policy Rate unchanged has reduced the uncertainty of the interest rate movement for the rest of year 2006. The Bank will continue with its strategy to grow its debt capital market activities as at the current level of interest rate, issuers continue to view the private debt securities market, both conventional and Islamic, as the preferred alternative for financing.

Lesser listing activities are expected in line with the regulatory authorities tightening their approval procedures and enforcement efforts to promote greater efficiency, effectiveness and transparency in the market. Nevertheless, the Bank continues to see opportunities in Mergers and Acquisition, and divestiture activities with less demand for listing corporate exercises.

The Bank is ready to transform itself into an investment bank. Despite challenging market conditions, the Group will strive to continue improving its performance for the rest of the year 2006.

3. Deposits from customers
(i) By type of deposit

	Group and Bank	
	As at	As at
	30.09.2006	31.12.2005
	RM'000	RM'000
Fixed deposits	<u>1,894,725</u>	<u>1,252,417</u>

(ii) By type of customers

	Group and Bank	
	As at	As at
	30.09.2006	31.12.2005
	RM'000	RM'000
Business enterprises	1,468,395	880,256
Government and statutory bodies	426,330	372,161
	<u>1,894,725</u>	<u>1,252,417</u>

4. Deposits and placements of banks and other financial institutions

	Group and Bank	
	As at	As at
	30.09.2006	31.12.2005
	RM'000	RM'000
Licensed banks	722,140	725,000
Other financial institutions	693,666	278,680
	<u>1,415,806</u>	<u>1,003,680</u>

5. Securities portfolio
(i) Securities held-for-trading

	Group		Bank	
	As at	As at	As at	As at
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
	RM'000	RM'000	RM'000	RM'000
At market value				
Money market instruments:				
Khazanah bonds	47,805	77,970	47,805	77,970
Malaysian Government treasury bills	116,556	846	116,556	846
Bank Negara bills	351,336	-	351,336	-
Bank Negara negotiable notes	49,948	-	49,948	-
Bankers' acceptance	530,416	743,290	530,416	743,290
Negotiable certificates of deposit	1,629,838	59,994	1,629,838	59,994
Private debt securities	682,964	681,781	682,964	681,781
Quoted securities:				
<u>In Malaysia</u>				
Unit trust	2,574	4,029	-	-
	<u>3,411,437</u>	<u>1,567,910</u>	<u>3,408,863</u>	<u>1,563,881</u>

5. Securities portfolio (continued)

(ii) Securities available-for-sale

	Group		Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
At market value				
Money market instruments:				
Private debt securities	424,116	138,430	424,116	138,430
Quoted securities: <u>In Malaysia</u>				
Shares	8,200	12,378	4,573	10,539
Private debt securities	6,303	4,433	6,303	4,433
Unquoted securities: <u>In Malaysia</u>				
Shares	2,200	2,200	-	-
	440,819	157,441	434,992	153,402

(iii) Securities held-to-maturity

	Group		Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government securities	54,806	54,985	54,806	54,985
Khazanah bonds	51,414	49,922	51,414	49,922
Prasarana bonds	98,143	97,941	98,143	97,941
Private debt securities	198,003	198,610	198,003	198,610
Unquoted securities: <u>In Malaysia</u>				
Shares	2,200	2,200	2,200	2,200
Bonds	23	23	23	23
	404,589	403,681	404,589	403,681
Less:				
Accumulated Impairment losses	(65,960)	(65,960)	(65,960)	(65,960)
	338,629	337,721	338,629	337,721

6. Loans and advances
(i) By type

	Group and Bank	
	As at 30.09.2006	As at 31.12.2005
	RM'000	RM'000
Term loans		
Syndicated term loans	65,670	80,132
Other term loans	287,206	314,822
Claims on customers under acceptance credits	24,460	20,272
Staff loans	7,271	7,995
Revolving credits	245,582	274,837
Less: Unearned interest	(127)	(79)
Gross loans and advances	630,062	697,979
Less: Allowance for bad and doubtful debts		
- General	(10,446)	(12,056)
- Specific	(65,407)	(46,324)
Total net loans and advances	554,209	639,599

(ii) By type of customer

	Group and Bank	
	As at 30.09.2006	As at 31.12.2005
	RM'000	RM'000
Domestic business enterprises		
- Others	615,375	661,737
Individuals	14,687	36,242
	630,062	697,979

(iii) By interest/profit rate sensitivity

	Group and Bank	
	As at 30.09.2006	As at 31.12.2005
	RM'000	RM'000
Fixed rate		
Other fixed rate loan	10,089	12,209
Variable rate		
Cost plus	619,973	685,770
	630,062	697,979

6. Loans and advances (continued)

(iv) By purpose

	Group and Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
Purchase of securities	101,804	142,765
Purchase of transport vehicles	2,773	2,989
Purchase of landed property:		
- Residential	4,405	4,911
- Non-residential	36,717	30,472
Purchase of fixed assets other than land & building	85,386	90,617
Personal use	93	15,911
Construction	53,050	16,659
Working capital	281,602	312,651
Other purpose	64,232	81,004
	630,062	697,979

The classification of loans by sectors has been changed to loans by purpose in accordance with BNM's implementation of Financial Institution Statistical System ('FISS') version 3.5 release 2 effective 30 April 2006.

7. Non-performing loans (NPL)

(i) Movements in non-performing loans

	Group and Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
At beginning of period/year	180,185	252,580
Classified as non-performing during the period/year	19,262	48,200
Amount converted to securities	-	(416)
Amount recovered	(6,316)	(47,713)
Amount written off	(1,655)	(72,466)
At end of period	191,476	180,185
Specific allowance	(65,407)	(46,197)
Net non-performing loans	126,069	133,988
Ratio of net non-performing loans to net loans	22.33%	20.56%

During the financial year ended 31.12.2005, the Group changed its basis for classification of non-performing loans by changing the period of default for non-performing loans from 6 months to 3 months.

7. Non-performing loans (NPL) (continued)
(ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
General allowance		
At beginning of period/year	12,056	15,209
Allowance written back during the period/year	(1,610)	(3,153)
At end of period/year	<u>10,446</u>	<u>12,056</u>
As % of gross loans, advances and financing less specific allowance	<u>1.85%</u>	<u>1.85%</u>
Specific allowance		
At beginning of period/year	46,324	77,810
Allowance made during the period/year	22,066	43,199
Transferred to accumulated impairment loss in value of securities	-	(167)
Amount recovered	(1,328)	(2,052)
Amount written off	(1,655)	(72,466)
At end of period/year	<u>65,407</u>	<u>46,324</u>

(iii) Non-performing loans by purpose

	Group and Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
Purchase of securities	32,078	32,103
Purchase of landed property:		
- Non-residential	7,665	7,665
Construction	7,774	12,449
Working capital	114,900	72,593
Other purpose	29,059	55,375
	<u>191,476</u>	<u>180,185</u>

8. Interest income

	Group			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	7,324	22,766	11,164	31,952
- recoveries from NPLs	990	2,015	3,376	4,592
Money at call and deposit placements with banks and other financial institutions	8,234	21,318	8,492	23,772
Securities held-for-trading	25,652	54,850	9,339	23,805
Securities available-for-sale	2,715	6,282	2,238	11,575
Securities held-to-maturity	2,271	6,806	6,881	16,355
Others	2,851	9,379	3,150	9,431
	<u>50,037</u>	<u>123,416</u>	<u>44,640</u>	<u>121,482</u>
Amortisation of premium less accretion of discount	2,737	5,502	973	2,330
Interest suspended	(4)	(177)	(2,193)	(2,640)
Total interest income	<u>52,770</u>	<u>128,741</u>	<u>43,420</u>	<u>121,172</u>

	Bank			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	7,324	22,766	11,164	31,952
- recoveries from NPLs	990	2,015	3,376	4,592
Money at call and deposit placements with banks and other financial institutions	7,333	19,624	7,815	20,909
Securities held-for-trading	25,652	54,850	9,339	23,805
Securities available-for-sale	2,715	6,282	2,238	11,575
Securities held-to-maturity	2,271	6,806	6,881	16,355
Others	49	228	174	530
	<u>46,334</u>	<u>112,571</u>	<u>40,987</u>	<u>109,718</u>
Amortisation of premium less accretion of discount	2,737	5,502	973	2,330
Interest suspended	(4)	(177)	(2,193)	(2,640)
Total interest income	<u>49,067</u>	<u>117,896</u>	<u>39,767</u>	<u>109,408</u>

9. Interest expense

	Group			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	26,034	54,430	15,002	41,917
Deposits from customers	10,819	29,576	8,678	26,462
Subordinated bonds	3,411	10,120	3,411	10,120
Others	522	2,389	1,248	4,572
	<u>40,786</u>	<u>96,515</u>	<u>28,339</u>	<u>83,071</u>

9. Interest expense (continued)

	Bank			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	26,034	54,430	15,002	41,917
Deposits from customers	10,819	29,576	8,678	26,462
Subordinated bonds	3,411	10,120	3,411	10,120
Others	384	1,562	416	1,111
	40,648	95,688	27,507	79,610

10. Other operating income

	Group			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Fee income				
Brokerage	12,169	43,074	14,159	41,068
Fund management fees	1,644	5,169	1,799	5,335
Fee on loans and advances	518	1,242	423	4,403
Corporate advisory fees	1,756	5,851	2,073	6,311
Guarantee fees	373	1,659	727	2,028
Underwriting fees	586	2,316	515	2,413
Unit trust fee income	8,761	19,244	6,899	19,309
Other fee income	2,281	5,179	2,815	15,426
	28,088	83,734	29,410	96,293
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	3,147	1,337	9,237	52,655
- securities available-for-sale	3,887	23,461	1,548	8,596
Net gain from redemption of				
- securities held-to-maturity	-	1,403	4,162	11,653
Derivatives	(167)	(3)	(112)	(115)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	14,927	8,302	1,611	4,311
- derivatives	(16,674)	(4,990)	(331)	(1,061)
Net loss from sale of a subsidiary	(33)	(33)	-	-
Gross dividend income from				
- securities held-to-maturity	-	620	-	620
- securities available-for-sale	79	328	-	-
- securities held-for-trading	2	2,430	-	-
	5,168	32,855	16,115	76,659
Other income				
Foreign exchange gain				
- realised	647	(182)	115	172
- unrealised	139	1,292	84	96
Gain on disposal of property, plant and equipment	(5)	192	(54)	244
Others	3,121	5,666	2,264	4,296
	3,902	6,968	2,409	4,808
Other operating income	37,158	123,557	47,934	177,760

10. Other operating income (continued)

	Bank			
	3 months ended 30.09.2006	9 months ended 30.09.2006	3 months ended 30.09.2005	9 months ended 30.09.2005
	RM'000	RM'000	RM'000	RM'000
Fee income				
Brokerage	-	-	50	50
Fee on loans and advances	518	1,242	423	4,403
Corporate advisory fees	1,756	5,851	2,073	6,311
Guarantee fees	373	1,659	727	2,028
Underwriting fees	586	2,316	515	2,076
Other fee income	1,705	3,486	1,719	13,597
	<u>4,938</u>	<u>14,554</u>	<u>5,507</u>	<u>28,465</u>
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	3,120	3,048	9,181	47,512
- securities available-for-sale	3,887	23,461	1,548	8,596
Net gain from redemption of				
- securities held-to-maturity	-	1,403	4,162	11,653
Derivatives	(162)	111	(112)	(115)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	14,927	8,302	1,611	4,311
- derivatives	(16,674)	(4,990)	(331)	(1,061)
Net gain from sale of a subsidiary	82,349	82,349	-	-
Gross dividend income from				
- securities held-to-maturity	-	620	-	620
- securities available-for-sale	-	184	-	-
- subsidiaries	165	3,865	4,000	4,000
	<u>87,612</u>	<u>118,353</u>	<u>20,059</u>	<u>75,516</u>
Other income				
Foreign exchange gain				
- realised	634	(195)	115	172
- unrealised	139	1,292	84	96
Gain on disposal of property, plant and equipment	-	31	2	3
Others	2,149	4,192	2,116	3,855
	<u>2,922</u>	<u>5,320</u>	<u>2,317</u>	<u>4,126</u>
Other operating income	<u>95,472</u>	<u>138,227</u>	<u>27,883</u>	<u>108,107</u>

11. Other operating expenses

	Group			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	14,349	38,658	18,235	42,437
Defined contribution plan	1,760	4,910	2,064	5,284
Other staff related costs	1,376	4,026	2,683	6,488
Establishment costs				
Depreciation	2,024	6,315	1,716	5,864
Rental of premises	2,361	7,089	2,683	7,972
Information technology expenses	986	2,274	1,342	3,557
Others	793	3,921	1,952	5,568
Marketing expenses				
Sales commission	5,078	6,647	2,943	7,335
Advertisement and publicity	402	938	451	1,330
Others	840	2,882	930	2,961
Administration and general expenses				
Communication expenses	1,051	2,917	797	2,458
Legal and professional fees	320	1,443	356	815
Others	2,643	6,694	1,652	3,825
	33,983	88,714	37,804	95,894

	Bank			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	7,044	17,923	8,671	18,474
Defined contribution plan	1,114	2,776	1,385	3,067
Other staff related costs	781	1,981	606	1,793
Establishment costs				
Depreciation	467	1,424	407	1,098
Rental of premises	708	2,116	691	2,058
Information technology expenses	41	621	193	744
Others	115	339	122	336
Marketing expenses				
Advertisement and publicity	328	618	270	892
Others	178	496	244	719
Administration and general expenses				
Communication expenses	339	720	179	547
Legal and professional fees	137	1,052	71	199
Others	772	2,156	530	1,783
	12,024	32,222	13,369	31,710

12. Allowance for losses on loans and other losses

	Group			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans				
Specific allowance				
- made in the financial period	7,355	22,066	7,500	32,212
- written back	-	(1,328)	(868)	(2,611)
General allowance in the financial period	19	(1,610)	(2,984)	(791)
Bad debts				
- recovered	(10)	(205)	(24)	(76)
- written off	-	5	-	118
Specific allowance for other debtors	(1,302)	(1,768)	64	282
Amount recoverable from Danaharta	-	(788)	-	(1,982)
	6,062	16,372	3,688	27,152

	Bank			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans				
Specific allowance				
- made in the financial period	7,355	22,066	7,500	21,200
- written back	-	(1,328)	(136)	(1,879)
General allowance in the financial period	19	(1,610)	(2,843)	(839)
Bad debts				
- recovered	(10)	(205)	(23)	(75)
Specific allowance for other debtors	(198)	199	64	282
Amount recovered from Dananharta	-	(788)	-	(1,982)
	7,166	18,334	4,562	16,707

13. Allowance for impairment loss

	Group			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Charge/(reversal) for the financial period				
- Securities available-for-sale	-	-	-	397
- Securities held-to-maturity	-	-	(2,933)	(716)
	-	-	(2,933)	(319)

	Bank			
	3 months ended	9 months ended	3 months ended	9 months ended
	30.09.2006	30.09.2006	30.09.2005	30.09.2005
	RM'000	RM'000	RM'000	RM'000
Charge/(reversal) for the financial period				
- Securities available-for-sale	-	-	-	397
- Securities held-to-maturity	-	-	(2,933)	(716)
- Investment in a subsidiary	82,338	82,338	-	-
	82,338	82,338	(2,933)	(319)

14. Capital adequacy

	Bank	
	As at 30.09.2006 RM'000	As at 31.12.2005 RM'000
Tier I capital		
Paid-up share capital	338,646	338,646
Other reserve	254,159	449,743
	<u>595,031</u>	<u>788,389</u>
AFS revaluation reserve	9,165	9,165
Deferred tax assets	(6,939)	(6,939)
Total Tier I capital	<u>595,031</u>	<u>790,615</u>
Tier II capital		
General allowance for bad and doubtful debts	10,446	12,056
Subordinated bonds	165,000	165,000
Total Tier II capital	<u>175,446</u>	<u>177,056</u>
Total capital	770,447	967,671
Less: Investment in subsidiaries	(376,669)	(482,866)
Total capital base	<u>393,808</u>	<u>484,805</u>
Core capital ratio	15.65%	19.82%
Risk-weighted capital ratio	15.65%	19.82%
Core capital ratio (net of proposed dividends)	-	17.63%
Risk-weighted capital ratio (net of proposed dividends)	-	17.63%

15. Commitments and contingencies

	Group					
	As at 30.09.2006			As at 31.12.2005		
	Principal Amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal Amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	182,380	182,380	182,380	185,160	185,160	185,160
Transaction-related contingent items	996,829	32,415	32,415	1,229,520	31,260	31,260
Other assets sold with recourse and commitment with certain drawdown	121,953	-	-	-	-	-
Obligations under underwriting agreements	291,400	-	-	248,113	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	333,846	-	-	360,518	-	-
- maturity exceeding one year	119,049	59,524	59,443	186,484	93,243	93,136
Foreign exchange-related contracts:						
- less than one year	110,640	1,412	282	19,314	417	165
- one to less than five years	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	1,350,000	178	35	810,000	33	6
- one to less than five years	3,800,000	10,809	2,162	2,690,000	10,330	2,066
Miscellaneous	900	900	900	21,316	21,079	21,032
	<u>7,306,997</u>	<u>287,618</u>	<u>277,617</u>	<u>5,750,425</u>	<u>341,522</u>	<u>332,825</u>

15. Commitments and contingencies (continued)

	Bank					
	As at 30.09.2006			As at 31.12.2005		
	Principal Amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal Amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
Direct credit substitutes	182,380	182,380	182,380	185,160	185,160	185,160
Transaction-related contingent items	996,829	32,415	32,415	1,229,520	31,260	31,260
Other assets sold with recourse and commitment with certain drawdown	121,953	-	-	-	-	-
Obligations under underwriting agreements	291,400	-	-	248,113	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	333,846	-	-	360,518	-	-
- maturity exceeding one year	119,049	59,524	59,443	186,484	93,243	93,136
Foreign exchange-related contracts:						
- less than one year	110,640	1,412	282	19,314	417	165
- one to less than five years	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	1,350,000	178	35	810,000	33	6
- one to less than five years	3,800,000	10,809	2,162	2,690,000	10,330	2,066
Miscellaneous	-	-	-	21,316	21,079	21,032
	7,306,097	286,718	276,717	5,750,425	341,522	332,825

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

16. Interest rate risk

	Group								
	30.09.2006								
	Non-trading book								
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short term funds	847,500	-	-	-	-	41,048	-	888,548	3.65
Securities purchased under resale agreements	135,083	-	-	-	-	-	-	135,083	3.05
Deposits and placements with financial institutions	-	297,200	120	-	-	-	-	297,320	3.75
Securities held-for-trading	-	-	-	-	-	-	3,411,437	3,411,437	4.14
Securities available-for-sale	-	-	5,060	187,531	237,828	10,400	-	440,819	8.12
Securities held-to-maturity	-	-	2,681	270,667	129,018	(63,737)	-	338,629	5.55
Loans and advances									
- performing	289,271	139,112	2,932	2,866	4,405	-	-	438,586	6.78
- non-performing	-	-	-	-	-	115,623	-	115,623	-
Clients' and brokers' balances	88,854	-	-	-	-	173,428	-	262,282	9.35
Other assets	1,948	-	187	479	1,044	68,809	3,188	75,655	2.81
Statutory deposits with Bank									
Negara Malaysia	-	-	-	-	-	79,906	-	79,906	-
Tax recoverable	-	-	-	-	-	37,710	-	37,710	-
Deferred tax assets	-	-	-	-	-	3,085	-	3,085	-
Property, plant and equipment	-	-	-	-	-	19,422	-	19,422	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,362,656	436,312	10,980	461,543	372,295	658,538	3,414,625	6,716,949	
Liabilities									
Deposits from customers	651,320	934,337	109,068	200,000	-	-	-	1,894,725	3.70
Deposits and placements of banks and other financial institutions	205,055	537,101	580,604	93,046	-	-	-	1,415,806	3.77
Obligations on securities sold under repurchase agreements	2,117,769	117,528	-	-	-	-	-	2,235,297	3.51
Clients' and brokers' balances	40,420	-	-	-	-	172,515	-	212,935	2.84
Taxation	-	-	-	-	-	7,749	-	7,749	-
Deferred tax liabilities	-	-	-	-	-	8,294	-	8,294	-
Other liabilities	7,856	745	-	-	-	92,387	7,654	108,642	3.10
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
Total liabilities	3,022,420	1,589,711	689,672	458,046	-	280,945	7,654	6,048,448	
Net interest rate gap	(1,659,764)	(1,153,399)	(678,692)	3,497	372,295				

16. Interest rate risk (continued)

	Group								Effective interest rate %
	31.12.2005								
	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000					
Assets									
Cash and short term funds	626,104	-	-	-	-	26,225	-	652,329	3.01
Securities purchased under resale agreements	85,482	-	-	-	-	-	-	85,482	2.70
Deposits and placements with financial institutions	1,798	100,000	123	-	-	-	-	101,921	3.04
Securities held-for-trading	-	-	-	-	-	-	1,567,910	1,567,910	4.04
Securities available-for-sale	25,021	37,025	5,006	61,058	14,753	14,578	-	157,441	6.33
Securities held-to-maturity	-	-	2,098	250,894	148,466	(63,737)	-	337,721	5.55
Loans and advances									
- performing	329,025	178,250	2,524	3,084	4,911	(127)	-	517,667	6.38
- non-performing	-	-	-	-	-	121,932	-	121,932	-
Clients' and brokers' balances	85,048	-	-	-	-	162,220	-	247,268	8.80
Other assets	150	-	167	507	961	29,617	3,716	35,118	3.92
Amount due from holding company	76,352	-	-	-	-	128,828	-	205,180	3.77
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	76,606	-	76,606	-
Tax recoverable	-	-	-	-	-	15,923	-	15,923	-
Deferred tax assets	-	-	-	-	-	7,021	-	7,021	-
Property, plant and equipment	-	-	-	-	-	15,363	-	15,363	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,228,980	315,275	9,918	315,543	169,091	707,293	1,571,626	4,317,726	
Liabilities									
Deposits from customers	667,970	562,647	21,800	-	-	-	-	1,252,417	2.85
Deposits and placements of banks and other financial institutions	159,359	291,321	303,000	250,000	-	-	-	1,003,680	3.14
Obligations on securities sold under repurchase agreements	822,378	-	-	-	-	-	-	822,378	2.86
Clients' and brokers' balances	35,794	-	-	-	-	162,696	-	198,490	2.60
Taxation	-	-	-	-	-	3,445	-	3,445	-
Deferred tax liabilities	-	-	-	-	-	209	-	209	-
Other liabilities	-	-	-	-	-	67,458	3,192	70,650	-
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
Total liabilities	1,685,501	853,968	324,800	415,000	-	233,808	3,192	3,516,269	
Net interest rate gap	(456,521)	(538,693)	(314,882)	(99,457)	169,091	-	-	-	

16. Interest rate risk (continued)

	Bank								Effective interest rate %
	30.09.2006								
	Non-trading book								
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
Assets									
Cash and short term funds	820,500	-	-	-	-	1,043	-	821,543	3.66
Deposits and placements with financial institutions	-	297,200	-	-	-	-	-	297,200	3.75
Securities held-for-trading	-	-	-	-	-	-	3,408,863	3,408,863	4.14
Securities available-for-sale	-	-	5,060	187,531	237,828	4,573	-	434,992	8.12
Securities held-to-maturity	-	-	2,681	270,667	129,018	(63,737)	-	338,629	5.55
Loans and advances									
- performing	289,271	139,112	2,932	2,866	4,405	-	-	438,586	6.78
- non-performing	-	-	-	-	-	115,623	-	115,623	-
Other assets	-	-	-	-	-	34,520	3,188	37,708	-
Statutory deposits with Bank									
Negara Malaysia	-	-	-	-	-	79,906	-	79,906	-
Investment in subsidiary companies	-	-	-	-	-	376,669	-	376,669	-
Tax recoverable	-	-	-	-	-	38,229	-	38,229	-
Deferred tax assets	-	-	-	-	-	2,924	-	2,924	-
Property, plant and equipment	-	-	-	-	-	3,249	-	3,249	-
Total assets	1,109,771	436,312	10,673	461,064	371,251	592,999	3,412,051	6,394,121	
Liabilities									
Deposits from customers	651,320	934,337	109,068	200,000	-	-	-	1,894,725	3.70
Deposits and placements of banks and other financial institutions	205,055	537,101	580,604	93,046	-	-	-	1,415,806	3.77
Obligations on securities sold under repurchase agreements	2,117,769	117,528	-	-	-	-	-	2,235,297	3.51
Deferred tax liabilities	-	-	-	-	-	6,114	-	6,114	-
Other liabilities	-	-	-	-	-	32,044	7,654	39,698	-
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
Total liabilities	2,974,144	1,588,966	689,672	458,046	-	38,158	7,654	5,756,640	
Net interest rate gap	(1,864,373)	(1,152,654)	(678,999)	3,018	371,251				

16. Interest rate risk (continued)

	Bank								Effective interest rate %
	31.12.2005								
	Non-trading book					Non- interest sensitive RM'000	Trading book RM'000	Total RM'000	
Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000					
Assets									
Cash and short term funds	608,300	-	-	-	-	564	-	608,864	3.02
Deposits and placements with bank and other financial institutions	-	100,000	-	-	-	-	-	100,000	3.04
Securities held-for-trading	-	-	-	-	-	-	1,563,881	1,563,881	4.04
Securities available-for-sale	25,021	37,025	5,006	61,058	14,753	10,539	-	153,402	6.33
Securities held-to-maturity	-	-	2,098	250,894	148,466	(63,737)	-	337,721	5.55
Loans and advances									
- performing	329,025	178,250	2,524	3,084	4,911	(127)	-	517,667	6.38
- non-performing	-	-	-	-	-	121,932	-	121,932	-
Amount due from subsidiary companies	-	-	-	-	-	53,153	-	53,153	-
Other assets	-	-	-	-	-	20,095	3,716	23,811	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	76,606	-	76,606	-
Investment in subsidiary companies	-	-	-	-	-	482,866	-	482,866	-
Tax recoverable	-	-	-	-	-	16,936	-	16,936	-
Deferred tax assets	-	-	-	-	-	6,939	-	6,939	-
Property, plant and equipment	-	-	-	-	-	4,468	-	4,468	-
Total assets	962,346	315,275	9,628	315,036	168,130	730,234	1,567,597	4,068,246	
Liabilities									
Deposits from customers	667,970	562,647	21,800	-	-	-	-	1,252,417	2.85
Deposits and placements of banks and other financial institutions	159,359	291,321	303,000	250,000	-	-	-	1,003,680	3.14
Obligations on securities sold under repurchase agreements	822,378	-	-	-	-	-	-	822,378	2.86
Other liabilities	-	-	-	-	-	33,190	3,192	36,382	-
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
Total liabilities	1,649,707	853,968	324,800	415,000	-	33,190	3,192	3,279,857	
Net interest rate gap	(687,361)	(538,693)	(315,172)	(99,964)	168,130				

17. Significant events during the financial period

As at 31 December 2005, the Bank's holding company, RHB Capital Berhad ('RHB Capital') had an amount owing to certain subsidiaries of the Bank amounting to RM204.86 million, out of which approximately RM127.74 million was owing to SSSB Services (Melaka) Sdn Bhd ('SSSB'), a wholly-owned subsidiary of Straits Asset Holding Sdn Bhd ('SAHSB'), whose ultimate holding company is the Bank. Pursuant to the letter from Bank Negara Malaysia ('BNM') to the Bank dated 4 October 2005, the said inter-company balances granted by the subsidiaries of the Bank to RHB Capital must be fully settled by 1 July 2006. In this regard, the Board of RHB Capital had on 30 March 2006 approved the Proposed Inter-Company Settlement which will be funded by the proposed cash dividend of RM203.55 million to be declared and paid by the Bank to RHB Capital. The proceeds from the dividend payment will be utilised by RHB Capital to acquire the entire equity interest in the SAHSB Group pursuant to the Proposed SAHSB Transfer, as well as to settle the inter-company balances owing by RHB Capital to the subsidiaries of the Bank.

The Proposed SAHSB Transfer involves the following steps:

- (i) Proposed acquisition by the Bank of the entire issued and paid-up share capital of SAHSB from RHB Marketing for a purchase consideration of RM48.43 million, to be satisfied via the setting off of an amount owing by RHB Marketing to the Bank; and
- (ii) Proposed disposal of the entire issued and paid-up share capital of SAHSB by the Bank to RHB Capital for a purchase consideration of RM130.78 million.

The above inter-company balances were fully settled on 22 September 2006 and the dividends paid by the Bank, based on the inter-company balances then, are as follows:

	RM'000
In respect of financial year ended 31 December 2005	
Final gross dividend of 22.0 sen per share less tax of 28% on 7 April 2006	<u>53,642</u>
In respect of current financial year ending 31 December 2006	
Special gross dividend of 4.5783 sen per share less tax of 28% on 29 June 2006	<u>11,163</u>
Second special gross dividend of 53.6365 sen per share less tax of 28% on 22 September 2006	<u>130,779</u>