



**UNAUDITED CONSOLIDATED RESULTS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2006**

**UNAUDITED CONDENSED BALANCE SHEETS AS AT 30 JUNE 2006**

	Group		Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
<b>Assets</b>				
Cash and short term funds	524,310	652,329	494,371	608,864
Securities purchased under resale agreements	168,386	85,482	-	-
Deposits and placements with banks and other financial institutions	6,620	101,921	6,500	100,000
Securities held-for-trading	1,829,971	1,567,910	1,829,125	1,563,881
Securities available-for-sale ('AFS')	251,741	157,441	245,882	153,402
Securities held-to-maturity	339,584	337,721	339,584	337,721
Loans and advances	553,214	639,599	553,214	639,599
Clients' and brokers' balances	257,010	247,268	-	-
Other assets	44,738	35,118	29,062	23,811
Amount due from holding company	127,749	205,180	-	-
Amount due from a subsidiary	-	-	53,153	53,153
Statutory deposit with Bank Negara Malaysia	60,156	76,606	60,156	76,606
Investment in subsidiaries	-	-	482,866	482,866
Tax recoverable	25,688	15,923	25,933	16,936
Deferred tax assets	3,080	7,021	2,919	6,939
Property, plant and equipment	20,098	15,363	3,638	4,468
Goodwill	172,844	172,844	-	-
<b>Total assets</b>	<b>4,388,189</b>	<b>4,317,726</b>	<b>4,126,403</b>	<b>4,068,246</b>
<b>Liabilities and shareholder's equity</b>				
Deposits from customers	1,082,290	1,252,417	1,082,290	1,252,417
Deposits and placements of banks and other financial institutions	816,286	1,003,680	816,286	1,003,680
Obligations on securities sold under repurchase agreements	1,280,908	822,378	1,280,908	822,378
Clients' and brokers' balances	192,522	198,490	-	-
Taxation	6,443	3,445	-	-
Deferred tax liabilities	3,631	209	1,502	-
Other liabilities	61,069	70,650	26,555	36,382
Subordinated bonds	165,000	165,000	165,000	165,000
<b>Total liabilities</b>	<b>3,608,149</b>	<b>3,516,269</b>	<b>3,372,541</b>	<b>3,279,857</b>
Share capital	338,646	338,646	338,646	338,646
Reserves	441,394	462,811	415,216	449,743
<b>Shareholder's equity</b>	<b>780,040</b>	<b>801,457</b>	<b>753,862</b>	<b>788,389</b>
<b>Total liabilities and shareholder's equity</b>	<b>4,388,189</b>	<b>4,317,726</b>	<b>4,126,403</b>	<b>4,068,246</b>
<b>Commitments and Contingencies</b>	<b>7,963,220</b>	<b>5,750,425</b>	<b>7,962,320</b>	<b>5,750,425</b>

(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 SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2006**

	Group			
	3 months ended 30.06.2006	6 months ended 30.06.2006	3 months ended 30.06.2005	6 months ended 30.06.2005
	RM'000	RM'000	RM'000	RM'000
Interest income	39,722	75,971	39,865	77,752
Interest expense	<u>(29,362)</u>	<u>(55,729)</u>	<u>(28,632)</u>	<u>(54,732)</u>
Net interest income	10,360	20,242	11,233	23,020
Other operating income	<u>52,380</u>	<u>86,399</u>	<u>86,484</u>	<u>129,826</u>
Net income	62,740	106,641	97,717	152,846
Other operating expenses	<u>(31,363)</u>	<u>(54,731)</u>	<u>(26,620)</u>	<u>(58,090)</u>
Operating profit before allowances	31,377	51,910	71,097	94,756
Allowances for losses on loans and other losses	(4,217)	(10,310)	(16,237)	(23,464)
Allowances for impairment loss	-	-	(392)	(2,614)
Profit before taxation	27,160	41,600	54,468	68,678
Taxation	<u>(8,401)</u>	<u>(12,554)</u>	<u>(15,807)</u>	<u>(19,002)</u>
Net profit for the period	<u>18,759</u>	<u>29,046</u>	<u>38,661</u>	<u>49,676</u>
Basic earnings per share (sen)	<u>5.5</u>	<u>8.6</u>	<u>11.4</u>	<u>14.7</u>

  

	Bank			
	3 months ended 30.06.2006	6 months ended 30.06.2006	3 months ended 30.06.2005	6 months ended 30.06.2005
	RM'000	RM'000	RM'000	RM'000
Interest income	35,926	68,829	35,389	69,641
Interest expense	<u>(29,066)</u>	<u>(55,040)</u>	<u>(26,605)</u>	<u>(52,103)</u>
Net interest income	6,860	13,789	8,784	17,538
Other operating income	<u>27,837</u>	<u>42,755</u>	<u>66,357</u>	<u>80,224</u>
Net income	34,697	56,544	75,141	97,762
Other operating expenses	<u>(12,504)</u>	<u>(20,198)</u>	<u>(8,453)</u>	<u>(18,341)</u>
Operating profit before allowances	22,193	36,346	66,688	79,421
Allowances for losses on loans and other losses	(4,284)	(11,168)	(6,782)	(12,145)
Allowances for impairment loss	-	-	(392)	(2,614)
Profit before taxation	17,909	25,178	59,514	64,662
Taxation	<u>(5,887)</u>	<u>(7,927)</u>	<u>(17,614)</u>	<u>(19,994)</u>
Net profit for the period	<u>12,022</u>	<u>17,251</u>	<u>41,900</u>	<u>44,668</u>
Basic earnings per share (sen)	<u>3.6</u>	<u>5.1</u>	<u>12.4</u>	<u>13.2</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 SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	-	-	29,046	29,046
Currency translation differences	-	-	-	5	-	5
Unrealised gain arising in fair value of AFS	-	-	39,486	-	-	39,486
AFS reserve realised on disposal	-	-	(19,573)	-	-	(19,573)
Deferred tax	-	-	(5,576)	-	-	(5,576)
Dividend for year ended 31.12.05	-	-	-	-	(53,642)	(53,642)
Dividend for current year	-	-	-	-	(11,163)	(11,163)
Balance as at 30.06.06	<u>338,646</u>	<u>239,009</u>	<u>5,172</u>	<u>63</u>	<u>197,150</u>	<u>780,040</u>
Balance as at 31.12.04	338,646	220,770	3,825	98	269,773	833,112
Net profit for the financial period	-	-	-	-	49,676	49,676
Currency translation differences	-	-	-	(24)	-	(24)
Unrealised loss arising in fair value of AFS	-	-	(5,004)	-	-	(5,004)
AFS reserve realised on disposal	-	-	(7,048)	-	-	(7,048)
AFS reserve realised on impairment	-	-	397	-	-	397
Deferred tax	-	-	3,263	-	-	3,263
Dividend for period ended 31.12.04	-	-	-	-	(97,530)	(97,530)
Balance as at 30.06.05	<u>338,646</u>	<u>220,770</u>	<u>(4,567)</u>	<u>74</u>	<u>221,919</u>	<u>776,842</u>
Bank						
	Share capital RM '000	Non-distributable		Distributable	Total RM '000	
		Statutory reserve RM '000	Revaluation reserve RM '000	Retained profits RM '000		
Balance as at 31.12.05	338,646	239,009	(9,165)	219,899	788,389	
Net profit for the financial period	-	-	-	17,251	17,251	
Unrealised gain arising in fair value of AFS	-	-	37,666	-	37,666	
AFS reserve realised on disposal	-	-	(19,573)	-	(19,573)	
Deferred tax	-	-	(5,066)	-	(5,066)	
Dividend for the year ended 31.12.05	-	-	-	(53,642)	(53,642)	
Dividend for current year	-	-	-	(11,163)	(11,163)	
Balance as at 30.06.06	<u>338,646</u>	<u>239,009</u>	<u>3,862</u>	<u>172,345</u>	<u>753,862</u>	
Balance as at 31.12.04	338,646	220,770	3,825	262,713	825,954	
Net profit for the financial period	-	-	-	44,668	44,668	
Unrealised loss arising in fair value of AFS	-	-	(5,004)	-	(5,004)	
AFS reserve realised on disposal	-	-	(7,048)	-	(7,048)	
AFS reserve realised on impairment	-	-	397	-	397	
Deferred tax	-	-	3,263	-	3,263	
Dividend for the period ended 31.12.04	-	-	-	(97,530)	(97,530)	
Balance as at 30.06.05	<u>338,646</u>	<u>220,770</u>	<u>(4,567)</u>	<u>209,851</u>	<u>764,700</u>	

(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 SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2006**

	Group		Bank	
	6 months ended	6 months ended	6 months ended	6 months ended
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	41,600	68,678	25,178	64,662
Adjustments for items not involving movement of cash and cash equivalents	(3,254)	10,577	(6,545)	(3,021)
Operating profit before changes in working capital	38,346	79,255	18,633	61,641
Changes in working capital:				
Net changes in operating assets	(175,460)	42,508	(158,949)	(4,773)
Net changes in operating liabilities	86,918	(37,527)	92,640	28,875
Tax paid	(7,296)	(3,422)	(5,892)	(2,083)
Net cash (used in)/generated from operating activities	(57,492)	80,814	(53,568)	83,660
Net cash (used in)/generated from investing activities	(5,722)	21,141	3,880	14,672
Net cash generated from/(used in) financing activities	(64,805)	(102,157)	(64,805)	(97,530)
Net change in cash and cash equivalents	(128,019)	(202)	(114,493)	802
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	524,310	857,746	494,371	792,122
<b>Analysis of cash and cash equivalents:</b>				
Cash and short term fund	524,310	857,746	494,371	792,122

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2006**

**1. Review of the performance**

For the six months ended 30 June 2006, the Group recorded a profit before tax of RM41.6 million compared to RM68.7 million for the previous corresponding period ended 30 June 2005. The lower profit was mainly due to the lower other operating income, offset by lower allowances for losses on loans and other losses.

For the second quarter ended 30 June 2006, the Group recorded a higher profit before tax of RM27.2 million compared to the preceding quarter ended 31 March 2006 of RM14.4 million. The higher profit was mainly due to higher other operating income.

Compared to the corresponding quarter ended 30 June 2005, the Group's profit before tax was lower by RM27.3 million. Other operating income was lower by RM34.1 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 RM14.2 million for the 6 months ended 30 June 2006 compared to a loss of RM1.5 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 RM1.3 million (2005: RM1.9 million) and RM2.4 million (2005: RM1.9 million) respectively to the Group's total profit before tax of RM41.6 million for the 6 months ended 30 June 2006.

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

With the current interest rate hike scenario expected to prevail throughout year 2006, the Bank sees opportunities to grow its debt capital market activities as issuers continue to view the private debt securities market, both conventional and Islamic, as the preferred alternative for financing.

Despite the uncertainty in the equities market for the rest of year 2006, the market is expected to be buoyed by more M&A and divestiture than listing opportunities, as companies continue to undergo value creation activities. Lesser listing activities are also in line with the regulatory authorities tightening their approval procedures and enforcement efforts to promote greater efficiency, effectiveness and transparency in the market.

The industry will continue to see increased competition from the transformation of merchant banks to investment banks, creation of universal brokers and entrance of formidable international players. Despite challenging market conditions, the Group strives to improve its performance whilst it simultaneously streamlines its stockbroking and merchant banking businesses in its transformation to be an investment bank.

**3. Deposits from customers**

**(i) By type of deposit**

	Group and Bank	
	As at <u>30.06.2006</u> RM'000	As at <u>31.12.2005</u> RM'000
Fixed deposits	<u>1,082,290</u>	<u>1,252,417</u>

### 3. Deposits from customers (continued)

#### (ii) By type of customers

	Group and Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
Business enterprises	734,768	880,256
Government and statutory bodies	347,522	372,161
	<b>1,082,290</b>	<b>1,252,417</b>

### 4. Deposits and placements of banks and other financial institutions

	Group and Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
Licensed banks	457,998	725,000
Other financial institutions	358,288	278,680
	<b>816,286</b>	<b>1,003,680</b>

### 5. Securities portfolio

#### (i) Securities held-for-trading

	Group		Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
At market value				
Money market instruments:				
Khazanah bonds	47,013	77,970	47,013	77,970
Malaysian Government treasury bills	-	846	-	846
Bank Negara bills	244,978	-	244,978	-
Bank Negara negotiable notes	100,374	-	100,374	-
Bankers' acceptance	754,378	743,290	754,378	743,290
Negotiable certificates of deposit	29,998	59,994	29,998	59,994
Private debt securities	652,384	681,781	652,384	681,781
Quoted securities:				
<u>In Malaysia</u>				
Unit trust	3,846	4,029	-	-
	<b>1,832,971</b>	<b>1,567,910</b>	<b>1,829,125</b>	<b>1,563,881</b>

**5. Securities portfolio (continued)**

**(ii) Securities available-for-sale**

	Group		Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
At market value				
Money market instruments:				
Private debt securities	236,592	138,430	236,592	138,430
Quoted securities: <u>In Malaysia</u>				
Shares	8,796	12,378	5,137	10,539
Private debt securities	4,153	4,433	4,153	4,433
Unquoted securities: <u>In Malaysia</u>				
Shares	2,200	2,200	-	-
	<b>251,741</b>	<b>157,441</b>	<b>245,882</b>	<b>153,402</b>

**(iii) Securities held-to-maturity**

	Group		Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
At amortised cost				
Money market instruments:				
Malaysian Government securities	54,866	54,985	54,866	54,985
Khazanah bonds	50,908	49,922	50,908	49,922
Prasarana bonds	98,079	97,941	98,079	97,941
Private debt securities	199,468	198,610	199,468	198,610
Unquoted securities: <u>In Malaysia</u>				
Shares	2,200	2,200	2,200	2,200
Bonds	23	23	23	23
	<b>405,544</b>	<b>403,681</b>	<b>405,544</b>	<b>403,681</b>
Less:				
Accumulated Impairment losses	(65,960)	(65,960)	(65,960)	(65,960)
	<b>339,584</b>	<b>337,721</b>	<b>339,584</b>	<b>337,721</b>

## 6. Loans and advances

### (i) By type

	Group and Bank	
	As at <b>30.06.2006</b>	As at 31.12.2005
	<b>RM'000</b>	RM'000
Term loans		
Syndicated term loans	<b>67,080</b>	80,132
Other term loans	<b>282,589</b>	314,822
Claims on customers under acceptance credits	<b>21,427</b>	20,272
Staff loans	<b>7,717</b>	7,995
Revolving credits	<b>242,925</b>	274,837
Less: Unearned interest	<b>(45)</b>	(79)
Gross loans and advances	<b>621,693</b>	697,979
Less: Allowance for bad and doubtful debts		
- General	<b>(10,427)</b>	(12,056)
- Specific	<b>(58,052)</b>	(46,324)
Total net loans and advances	<b>553,214</b>	639,599

### (ii) By type of customer

	Group and Bank	
	As at <b>30.06.2006</b>	As at 31.12.2005
	<b>RM'000</b>	RM'000
Domestic business enterprises		
- Others	<b>606,633</b>	661,737
Individuals	<b>15,060</b>	36,242
	<b>621,693</b>	697,979

### (iii) By interest/profit rate sensitivity

	Group and Bank	
	As at <b>30.06.2006</b>	As at 31.12.2005
	<b>RM'000</b>	RM'000
Fixed rate		
Other fixed rate loan	<b>10,536</b>	12,209
Variable rate		
Cost plus	<b>611,157</b>	685,770
	<b>621,693</b>	697,979



## 6. Loans and advances (continued)

### (iv) By purpose

	Group and Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
Purchase of securities	105,262	142,765
Purchase of transport vehicles	2,934	2,989
Purchase of landed property:		
- Residential	4,682	4,911
- Non-residential	29,375	30,472
Purchase of fixed assets other than land & building	84,049	90,617
Personal use	101	15,911
Construction	48,603	16,659
Working capital	250,936	312,651
Other purpose	95,751	81,004
	<b>621,693</b>	<b>697,979</b>

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 30.06.2006 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	4,058	48,200
Amount converted to securities	-	(416)
Amount recovered	(6,302)	(47,713)
Amount written off	(1,655)	(72,466)
At end of period	176,286	180,185
Specific allowance	(58,052)	(46,197)
Net non-performing loans	<b>118,234</b>	<b>133,988</b>
Ratio of net non-performing loans to net loans	<b>20.98%</b>	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 30.06.2006 RM'000	As at 31.12.2005 RM'000
<b>General allowance</b>		
At beginning of period/year	12,056	15,209
Allowance written back during the period/year	(1,629)	(3,153)
At end of period/year	10,427	12,056
As % of gross loans, advances and financing less specific allowance	1.85%	1.85%
<b>Specific allowance</b>		
At beginning of period/year	46,324	77,810
Allowance made during the period/year	14,711	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	58,052	46,324

### (iii) Non-performing loans by purpose

	Group and Bank	
	As at 30.06.2006 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	12,449	12,449
Working capital	64,662	72,593
Other purpose	59,432	55,375
	176,286	180,185

**8. Interest income**

	Group			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	7,478	15,442	10,559	20,788
- recoveries from NPLs	457	1,025	915	1,216
Money at call and deposit placements with banks and other financial institutions	6,994	13,084	8,598	15,280
Securities held-for-trading	15,843	29,198	8,480	14,466
Securities available-for-sale	1,812	3,567	3,563	9,337
Securities held-to-maturity	2,262	4,535	4,513	9,474
Others	3,427	6,528	2,759	6,281
	<b>38,273</b>	<b>73,379</b>	<b>39,387</b>	<b>76,842</b>
Amortisation of premium less accretion of discount	1,622	2,765	869	1,357
Interest suspended	(173)	(173)	(391)	(447)
Total interest income	<b>39,722</b>	<b>75,971</b>	<b>39,865</b>	<b>77,752</b>

	Bank			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	7,478	15,442	10,559	20,788
- recoveries from NPLs	457	1,025	915	1,216
Money at call and deposit placements with banks and other financial institutions	6,566	12,291	6,701	13,094
Securities held-for-trading	15,843	29,198	8,480	14,466
Securities available-for-sale	1,812	3,567	3,563	9,337
Securities held-to-maturity	2,262	4,535	4,513	9,474
Others	59	179	180	356
	<b>34,477</b>	<b>66,237</b>	<b>34,911</b>	<b>68,731</b>
Amortisation of premium less accretion of discount	1,622	2,765	869	1,357
Interest suspended	(173)	(173)	(391)	(447)
Total interest income	<b>35,926</b>	<b>68,829</b>	<b>35,389</b>	<b>69,641</b>

**9. Interest expense**

	Group			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	15,014	28,396	14,307	26,915
Deposits from customers	10,141	18,757	8,516	17,784
Subordinated bonds	3,373	6,709	3,373	6,709
Others	834	1,867	2,436	3,324
	<b>29,362</b>	<b>55,729</b>	<b>28,632</b>	<b>54,732</b>

**9. Interest expense (continued)**

	Bank			
	3 months ended 30.06.2006	6 months ended 30.06.2006	3 months ended 30.06.2005	6 months ended 30.06.2005
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	15,014	28,396	14,307	26,915
Deposits from customers	10,141	18,757	8,516	17,784
Subordinated bonds	3,373	6,709	3,373	6,709
Others	538	1,178	409	695
	<b>29,066</b>	<b>55,040</b>	<b>26,605</b>	<b>52,103</b>

**10. Other operating income**

	Group			
	3 months ended 30.06.2006	6 months ended 30.06.2006	3 months ended 30.06.2005	6 months ended 30.06.2005
	RM'000	RM'000	RM'000	RM'000
Fee income				
Brokerage	16,880	30,905	12,208	26,909
Fund management fees	1,606	3,525	1,651	3,536
Fee on loans and advances	547	724	3,646	3,980
Corporate advisory fees	2,130	4,095	1,614	4,238
Guarantee fees	936	1,286	768	1,301
Underwriting fees	798	1,730	1,075	1,898
Unit trust fee income	4,828	10,483	5,856	12,410
Other fee income	1,282	2,898	11,484	12,611
	<b>29,007</b>	<b>55,646</b>	<b>38,302</b>	<b>66,883</b>
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	(3,017)	(1,810)	37,578	43,418
- securities available-for-sale	17,505	19,574	1,673	7,048
Net gain from redemption of				
- securities held-to-maturity	1,348	1,403	7,491	7,491
Derivatives	(18)	164	116	(3)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	(3,815)	(6,625)	1,517	2,700
- derivatives	9,063	11,684	(1,071)	(718)
Gross dividend income from				
- securities held-to-maturity	620	620	620	620
- securities available-for-sale	-	249	-	-
- securities held-for-trading	1,343	2,428	-	-
	<b>23,029</b>	<b>27,687</b>	<b>47,924</b>	<b>60,556</b>
Other income				
Foreign exchange gain				
- realised	(645)	(829)	28	57
- unrealised	388	1,153	-	-
Gain on disposal of property, plant and equipment	124	197	2	298
Others	477	2,545	228	2,032
	<b>344</b>	<b>3,066</b>	<b>258</b>	<b>2,387</b>
Other operating income	<b>52,380</b>	<b>86,399</b>	<b>86,484</b>	<b>129,826</b>

**10. Other operating income (continued)**

	Bank			
	3 months ended 30.06.2006	6 months ended 30.06.2006	3 months ended 30.06.2005	6 months ended 30.06.2005
	RM'000	RM'000	RM'000	RM'000
Fee income				
Fee on loans and advances	547	724	3,646	3,980
Corporate advisory fees	2,130	4,095	1,614	4,238
Guarantee fees	936	1,286	768	1,301
Underwriting fees	798	1,730	888	1,561
Other fee income	741	1,781	11,217	11,878
	<u>5,152</u>	<u>9,616</u>	<u>18,133</u>	<u>22,958</u>
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	(2,167)	(72)	37,785	38,331
- securities available-for-sale	17,505	19,574	1,673	7,048
Net gain from redemption of				
- securities held-to-maturity	1,348	1,403	7,491	7,491
Derivatives	159	273	116	(3)
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	(3,815)	(6,625)	1,517	2,700
- derivatives	9,063	11,684	(1,071)	(718)
Gross dividend income from				
- securities held-to-maturity	620	620	620	620
- securities available-for-sale	-	184	-	-
- subsidiary	-	3,700	-	-
	<u>22,713</u>	<u>30,741</u>	<u>48,131</u>	<u>55,469</u>
Other income				
Foreign exchange gain				
- realised	(645)	(829)	28	57
- unrealised	388	1,153	-	-
Gain on disposal of property, plant and equipment	31	31	-	1
Others	198	2,043	65	1,739
	<u>(28)</u>	<u>2,398</u>	<u>93</u>	<u>1,797</u>
Other operating income	<u>27,837</u>	<u>42,755</u>	<u>66,357</u>	<u>80,224</u>

## 11. Other operating expenses

	Group			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	16,279	24,309	10,912	24,202
Defined contribution plan	1,849	3,150	1,567	3,220
Other staff related costs	1,055	2,650	1,179	3,805
Establishment costs				
Depreciation	2,101	4,291	2,114	4,148
Rental of premises	2,393	4,728	2,642	5,289
Information technology expenses	324	1,288	1,075	2,215
Others	1,865	3,128	1,525	3,616
Marketing expenses				
Sales commission	250	1,569	1,665	4,392
Advertisement and publicity	144	919	429	879
Others	1,148	1,659	1,008	2,031
Administration and general expenses				
Communication expenses	853	1,866	1,174	1,661
Legal and professional fees	1,041	1,123	226	459
Others	2,061	4,051	1,104	2,173
	<b>31,363</b>	<b>54,731</b>	<b>26,620</b>	<b>58,090</b>

	Bank			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	7,557	10,879	4,403	9,803
Defined contribution plan	1,130	1,662	765	1,682
Other staff related costs	402	1,200	669	1,187
Establishment costs				
Depreciation	454	957	372	691
Rental of premises	712	1,408	688	1,367
Information technology expenses	91	580	110	551
Others	134	224	130	214
Marketing expenses				
Advertisement and publicity	47	290	276	622
Others	167	318	275	475
Administration and general expenses				
Communication expenses	200	381	289	368
Legal and professional fees	911	915	23	128
Others	699	1,384	453	1,253
	<b>12,504</b>	<b>20,198</b>	<b>8,453</b>	<b>18,341</b>

## 12. Allowance for losses on loans and other losses

	Group			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans				
Specific allowance				
- made in the financial period	7,355	14,711	17,604	24,712
- written back	(1,190)	(1,328)	(1,593)	(1,743)
General allowance in the financial period	(1,071)	(1,629)	2,004	2,193
Bad debts				
- recovered	(171)	(195)	(35)	(52)
- written off	5	5	-	118
Specific allowance for other debtors	77	(466)	239	218
Amount recoverable from Danaharta	(788)	(788)	(1,982)	(1,982)
	<b>4,217</b>	<b>10,310</b>	<b>16,237</b>	<b>23,464</b>
	Bank			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2006	30.06.2006	30.06.2005	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans				
Specific allowance				
- made in the financial period	7,355	14,711	7,850	13,700
- written back	(1,190)	(1,328)	(1,593)	(1,743)
General allowance in the financial period	(1,071)	(1,629)	2,303	2,004
Bad debts				
- recovered	(171)	(195)	(35)	(52)
Specific allowance for other debtors	149	397	239	218
Amount recovered from Dananharta	(788)	(788)	(1,982)	(1,982)
	<b>4,284</b>	<b>11,168</b>	<b>6,782</b>	<b>12,145</b>

### 13. Capital adequacy

	Bank	
	As at 30.06.2006 RM'000	As at 31.12.2005 RM'000
<b>Tier I capital</b>		
Paid-up share capital	338,646	338,646
Other reserve	384,938	449,743
	<b>724,584</b>	<b>788,389</b>
AFS revaluation reserve	9,165	9,165
Deferred tax assets	(6,939)	(6,939)
Total Tier I capital	<b>725,810</b>	<b>790,615</b>
<b>Tier II capital</b>		
General allowance for bad and doubtful debts	10,427	12,056
Subordinated bonds	165,000	165,000
Total Tier II capital	<b>175,427</b>	<b>177,056</b>
Total capital	<b>901,237</b>	967,671
Less: Investment in subsidiaries	(482,866)	(482,866)
<b>Total capital base</b>	<b>418,371</b>	<b>484,805</b>
Core capital ratio	19.47%	19.82%
Risk-weighted capital ratio	19.47%	19.82%
Core capital ratio (net of proposed dividends)	13.38%	17.63%
Risk-weighted capital ratio (net of proposed dividends)	13.38%	17.63%

### 14. Commitments and contingencies

	Group					
	As at 30.06.2006			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	191,211	191,211	191,211	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	34,443	-	-	-	-	-
Obligations under underwriting agreements	257,471	-	-	248,113	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	365,491	-	-	360,518	-	-
- maturity exceeding one year	133,344	66,672	66,627	186,484	93,243	93,136
Foreign exchange-related contracts:						
- less than one year	268,531	1,899	380	19,314	417	165
- one to less than five years	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	1,435,000	5	1	810,000	33	6
- one to less than five years	4,280,000	17,357	3,471	2,690,000	10,330	2,066
Miscellaneous	900	900	900	21,316	21,079	21,032
	<b>7,963,220</b>	<b>310,459</b>	<b>295,005</b>	<b>5,750,425</b>	<b>341,522</b>	<b>332,825</b>



**14. Commitments and contingencies (continued)**

	Bank					
	As at 30.06.2006			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	191,211	191,211	191,211	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	34,443	-	-	-	-	-
Obligations under underwriting agreements	257,471	-	-	248,113	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	365,491	-	-	360,518	-	-
- maturity exceeding one year	133,344	66,672	66,627	186,484	93,243	93,136
Foreign exchange-related contracts:						
- less than one year	268,531	1,899	380	19,314	417	165
- one to less than five years	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	1,435,000	5	1	810,000	33	6
- one to less than five years	4,280,000	17,357	3,471	2,690,000	10,330	2,066
Miscellaneous	-	-	-	21,316	21,079	21,032
	<b>7,962,320</b>	<b>309,559</b>	<b>294,105</b>	<b>5,750,425</b>	<b>341,522</b>	<b>332,825</b>

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

## 15. Interest rate risk

	Group								Effective interest rate %
	30.06.2006								
	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					
<b>Assets</b>									
Cash and short term funds	506,143	-	-	-	-	18,167	-	524,310	3.68
Securities purchased under resale agreements	168,386	-	-	-	-	-	-	168,386	2.90
Deposits and placements with financial institutions	-	6,500	120	-	-	-	-	6,620	3.78
Securities held-for-trading	-	-	-	-	-	-	1,832,971	1,832,971	4.50
Securities available-for-sale	2,098	-	5,060	90,038	145,647	10,996	-	251,741	7.76
Securities held-to-maturity	-	-	-	252,514	148,709	(63,737)	-	339,584	5.55
Loans and advances									
- performing	301,302	136,388	-	3,035	4,682	-	-	445,407	6.83
- non-performing	-	-	-	-	-	107,807	-	107,807	-
Clients' and brokers' balances	95,151	-	-	-	-	161,859	-	257,010	9.35
Other assets	1,948	-	162	534	983	27,104	14,007	44,738	2.57
Amount due from holding company	-	-	-	-	-	127,749	-	127,749	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	60,156	-	60,156	-
Tax recoverable	-	-	-	-	-	25,688	-	25,688	-
Deferred tax assets	-	-	-	-	-	3,080	-	3,080	-
Property, plant and equipment	-	-	-	-	-	20,098	-	20,098	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
<b>Total assets</b>	<b>1,075,028</b>	<b>142,888</b>	<b>5,342</b>	<b>346,121</b>	<b>300,021</b>	<b>671,811</b>	<b>1,846,978</b>	<b>4,388,189</b>	
<b>Liabilities</b>									
Deposits from customers	430,355	606,655	45,280	-	-	-	-	1,082,290	3.51
Deposits and placements of banks and other financial institutions	252,452	52,834	411,000	100,000	-	-	-	816,286	3.69
Obligations on securities sold under repurchase agreements	1,280,908	-	-	-	-	-	-	1,280,908	3.42
Clients' and brokers' balances	41,606	-	-	-	-	150,916	-	192,522	2.91
Taxation	-	-	-	-	-	6,443	-	6,443	-
Deferred tax liabilities	-	-	-	-	-	3,631	-	3,631	-
Other liabilities	8,251	-	-	-	-	51,020	1,798	61,069	3.10
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
<b>Total liabilities</b>	<b>2,013,572</b>	<b>659,489</b>	<b>456,280</b>	<b>265,000</b>	<b>-</b>	<b>212,010</b>	<b>1,798</b>	<b>3,608,149</b>	
<b>Net interest rate gap</b>	<b>(938,544)</b>	<b>(516,601)</b>	<b>(450,938)</b>	<b>81,121</b>	<b>300,021</b>				

## 15. 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				
<b>Assets</b>									
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	-
<b>Total assets</b>	<b>1,228,980</b>	<b>315,275</b>	<b>9,918</b>	<b>315,543</b>	<b>169,091</b>	<b>707,293</b>	<b>1,571,626</b>	<b>4,317,726</b>	
<b>Liabilities</b>									
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
<b>Total liabilities</b>	<b>1,685,501</b>	<b>853,968</b>	<b>324,800</b>	<b>415,000</b>	<b>-</b>	<b>233,808</b>	<b>3,192</b>	<b>3,516,269</b>	
<b>Net interest rate gap</b>	<b>(456,521)</b>	<b>(538,693)</b>	<b>(314,882)</b>	<b>(99,457)</b>	<b>169,091</b>				

**15. Interest rate risk (continued)**

	Bank								Effective interest rate %
	30.06.2006								
	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					
<b>Assets</b>									
Cash and short term funds	494,100	-	-	-	-	271	-	494,371	3.68
Deposits and placements with financial institutions	-	6,500	-	-	-	-	-	6,500	3.78
Securities held-for-trading	-	-	-	-	-	-	1,829,125	1,829,125	4.50
Securities available-for-sale	-	-	5,060	90,038	145,647	5,137	-	245,882	7.76
Securities held-to-maturity	2,098	-	-	252,514	148,709	(63,737)	-	339,584	5.55
Loans and advances									
- performing	301,302	136,388	-	3,035	4,682	-	-	445,407	6.83
- non-performing	-	-	-	-	-	107,807	-	107,807	-
Amount due from subsidiary companies	-	-	-	-	-	53,153	-	53,153	-
Other assets	-	-	-	-	-	15,055	14,007	29,062	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	60,156	-	60,156	-
Investment in subsidiary companies	-	-	-	-	-	482,866	-	482,866	-
Tax recoverable	-	-	-	-	-	25,933	-	25,933	-
Deferred tax assets	-	-	-	-	-	2,919	-	2,919	-
Property, plant and equipment	-	-	-	-	-	3,638	-	3,638	-
<b>Total assets</b>	<b>797,500</b>	<b>142,888</b>	<b>5,060</b>	<b>345,587</b>	<b>299,038</b>	<b>693,198</b>	<b>1,843,132</b>	<b>4,126,403</b>	
<b>Liabilities</b>									
Deposits from customers	430,355	606,655	45,280	-	-	-	-	1,082,290	3.51
Deposits and placements of banks and other financial institutions	252,452	52,834	411,000	100,000	-	-	-	816,286	3.69
Obligations on securities sold under repurchase agreements	1,280,908	-	-	-	-	-	-	1,280,908	3.42
Deferred tax liabilities	-	-	-	-	-	1,502	-	1,502	-
Other liabilities	-	-	-	-	-	24,757	1,798	26,555	-
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
<b>Total liabilities</b>	<b>1,963,715</b>	<b>659,489</b>	<b>456,280</b>	<b>265,000</b>	<b>-</b>	<b>26,259</b>	<b>1,798</b>	<b>3,372,541</b>	<b>-</b>
<b>Net interest rate gap</b>	<b>(1,166,215)</b>	<b>(516,601)</b>	<b>(451,220)</b>	<b>80,587</b>	<b>299,038</b>				

## 15. 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					
<b>Assets</b>									
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	-
<b>Total assets</b>	<b>962,346</b>	<b>315,275</b>	<b>9,628</b>	<b>315,036</b>	<b>168,130</b>	<b>730,234</b>	<b>1,567,597</b>	<b>4,068,246</b>	
<b>Liabilities</b>									
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
<b>Total liabilities</b>	<b>1,649,707</b>	<b>853,968</b>	<b>324,800</b>	<b>415,000</b>	<b>-</b>	<b>33,190</b>	<b>3,192</b>	<b>3,279,857</b>	<b>-</b>
<b>Net interest rate gap</b>	<b>(687,361)</b>	<b>(538,693)</b>	<b>(315,172)</b>	<b>(99,964)</b>	<b>168,130</b>				