

RHB INVESTMENT BANK BERHAD(19663-P)
(formerly known as RHB Sakura Merchant Bankers Berhad)
UNAUDITED CONSOLIDATED RESULTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2007

UNAUDITED CONDENSED BALANCE SHEETS AS AT 30 JUNE 2007

	Group		Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Assets				
Cash and short term funds	2,102,153	1,111,241	2,063,509	1,085,102
Securities purchased under resale agreements	10,100	165,304	-	152,454
Deposits and placements with banks and other financial institutions	1,022,450	443,620	1,022,450	443,620
Securities held-for-trading	3,136,174	3,169,990	3,133,032	3,164,443
Securities available-for-sale ('AFS')	400,831	449,496	400,831	449,496
Securities held-to-maturity	338,011	338,016	338,011	338,016
Loans and advances	741,441	651,283	741,441	651,283
Clients' and brokers' balances	445,868	177,027	445,868	177,027
Other assets	77,258	74,516	61,531	52,106
Amount due from a subsidiary	-	-	332	327
Statutory deposit with Bank Negara Malaysia	79,286	69,206	79,286	69,206
Investment in subsidiaries	-	-	38,091	38,172
Tax recoverable	23,576	33,793	25,420	35,197
Deferred tax assets	2,967	3,087	2,921	2,921
Property, plant and equipment	15,696	19,028	12,971	16,106
Goodwill	172,844	172,844	159,280	159,280
Total assets	8,568,655	6,878,451	8,524,974	6,834,756
Liabilities and shareholder's equity				
Deposits from customers	4,329,027	1,862,853	4,329,027	1,862,853
Deposits and placements of banks and other financial institutions	2,686,936	1,953,124	2,686,936	1,953,124
Obligations on securities sold under repurchase agreements	-	1,809,837	-	1,809,837
Clients' and brokers' balances	531,142	251,372	531,142	251,372
Taxation	1,153	5,366	-	5,328
Deferred tax liabilities	11,292	13,602	11,273	13,597
Other liabilities	113,883	107,296	88,565	75,464
Subordinated bonds	165,000	165,000	165,000	165,000
Total liabilities	7,838,433	6,168,450	7,811,943	6,136,575
Share capital	338,646	338,646	338,646	338,646
Reserves	391,576	371,355	374,385	359,535
Shareholder's equity	730,222	710,001	713,031	698,181
Total liabilities and shareholder's equity	8,568,655	6,878,451	8,524,974	6,834,756
Commitments and Contingencies	7,031,336	6,731,183	7,031,336	6,731,183

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006)

**UNAUDITED CONDENSED INCOME STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2007**

	Group			
	3 months ended 30.06.2007 RM'000	6 months ended 30.06.2007 RM'000	3 months ended 30.06.2006 RM'000	6 months ended 30.06.2006 RM'000
Interest income	77,709	152,277	39,722	75,971
Interest expense	<u>(59,156)</u>	<u>(117,424)</u>	<u>(29,362)</u>	<u>(55,729)</u>
Net interest income	18,553	34,853	10,360	20,242
Other operating income	<u>73,006</u>	<u>120,557</u>	<u>52,380</u>	<u>86,399</u>
Net income	91,559	155,410	62,740	106,641
Other operating expenses	<u>(41,697)</u>	<u>(83,289)</u>	<u>(31,363)</u>	<u>(54,731)</u>
Operating profit before allowances	49,862	72,121	31,377	51,910
Allowances for losses on loans and other losses	(5,417)	(9,027)	(4,217)	(10,310)
Allowances for impairment loss	<u>166</u>	<u>166</u>	-	-
Profit before taxation	44,611	63,260	27,160	41,600
Taxation	<u>(12,108)</u>	<u>(17,244)</u>	<u>(8,401)</u>	<u>(12,554)</u>
Net profit for the period	<u>32,503</u>	<u>46,016</u>	<u>18,759</u>	<u>29,046</u>
Basic earnings per share (sen)	<u>9.6</u>	<u>13.6</u>	<u>5.5</u>	<u>8.6</u>

	Bank			
	3 months ended 30.06.2007 RM'000	6 months ended 30.06.2007 RM'000	3 months ended 30.06.2006 RM'000	6 months ended 30.06.2006 RM'000
Interest income	77,505	151,873	39,400	75,382
Interest expense	<u>(59,155)</u>	<u>(117,423)</u>	<u>(29,363)</u>	<u>(55,729)</u>
Net interest income	18,350	34,450	10,037	19,653
Other operating income	<u>57,434</u>	<u>88,847</u>	<u>45,551</u>	<u>75,494</u>
Net income	75,784	123,297	55,588	95,147
Other operating expenses	<u>(30,761)</u>	<u>(58,737)</u>	<u>(25,644)</u>	<u>(44,209)</u>
Operating profit before allowances	45,023	64,560	29,944	50,938
Allowances for losses on loans and other losses	(5,417)	(9,027)	(4,217)	(10,310)
Allowances for impairment loss	<u>166</u>	<u>86</u>	-	-
Profit before taxation	39,772	55,619	25,727	40,628
Taxation	<u>(10,739)</u>	<u>(15,042)</u>	<u>(7,914)</u>	<u>(12,230)</u>
Net profit for the period	<u>29,033</u>	<u>40,577</u>	<u>17,813</u>	<u>28,398</u>
Basic earnings per share (sen)	<u>8.6</u>	<u>12.0</u>	<u>5.3</u>	<u>8.4</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006).

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2007**

Group	Share capital	Non-distributable			Distributable	Total
		Statutory reserve	Revaluation reserve	Translation reserve	Retained profits	
	RM '000	RM '000	RM'000	RM '000	RM '000	RM '000
Balance as at 31.12.06	338,646	255,402	30,223	69	85,661	710,001
Currency translation differences	-	-	-	(69)	-	(69)
Unrealised loss arising in fair value of AFS securities	-	-	(4,286)	-	-	(4,286)
AFS reserve realised on disposal	-	-	(2,597)	-	-	(2,597)
AFS reserve realised on impairment	-	-	(166)	-	-	(166)
Deferred tax	-	-	2,323	-	-	2,323
Income and expense recognised directly in equity	-	-	(4,726)	(69)	-	(4,795)
Net profit for the financial period	-	-	-	-	46,016	46,016
Total recognised income and expenses for the financial period	-	-	(4,726)	(69)	46,016	41,221
Dividend for year ended 31.12.06	-	-	-	-	(21,000)	(21,000)
Balance as at 30.06.07	<u>338,646</u>	<u>255,402</u>	<u>25,497</u>	<u>-</u>	<u>110,677</u>	<u>730,222</u>
Balance as at 31.12.05	338,646	239,009	(9,165)	58	232,909	801,457
Currency translation differences	-	-	-	5	-	5
Unrealised gain arising in fair value of AFS securities	-	-	39,486	-	-	39,486
AFS reserve realised on disposal	-	-	(19,573)	-	-	(19,573)
Deferred tax	-	-	(5,576)	-	-	(5,576)
Income and expense recognised directly in equity	-	-	14,337	5	-	14,342
Net profit for the financial period	-	-	-	-	29,046	29,046
Total recognised income and expenses for the financial period	-	-	14,337	5	29,046	43,388
Dividend for year ended 31.12.05	-	-	-	-	(53,642)	(53,642)
Special dividend for year ended 31.12.06	-	-	-	-	(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>

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2007 (CONTINUED)**

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 31.12.06	338,646	255,402	30,223	73,909	698,180
Unrealised loss arising in fair value of AFS securities	-	-	(4,286)	-	(4,286)
AFS reserve realised on disposal	-	-	(2,597)	-	(2,597)
AFS reserve realised on impairment	-	-	(166)	-	(166)
Deferred tax	-	-	2,323	-	2,323
Income and expense recognised directly in equity	-	-	(4,726)	-	(4,726)
Net profit for the financial period	-	-	-	40,577	40,577
Total recognised income and expenses for the financial period	-	-	(4,726)	40,577	35,851
Dividend for year ended 31.12.06	-	-	-	(21,000)	(21,000)
Balance as at 30.06.07	338,646	255,402	25,497	93,486	713,031
Balance as at 31.12.05	338,646	239,009	(9,165)	220,316	788,806
Unrealised gain arising in fair value of AFS securities	-	-	39,486	-	39,486
AFS reserve realised on disposal	-	-	(19,573)	-	(19,573)
Deferred tax	-	-	(5,576)	-	(5,576)
Income and expense recognised directly in equity	-	-	14,337	-	14,337
Net profit for the financial period	-	-	-	28,398	28,398
Total recognised income and expenses for the financial period	-	-	14,337	28,398	42,735
Dividend for year ended 31.12.05	-	-	-	(53,642)	(53,642)
Special dividend for year ended 31.12.06	-	-	-	(11,163)	(11,163)
Balance as at 30.06.06	338,646	239,009	5,172	183,909	766,736

(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 2006).

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2007**

	Group		Bank	
	6 months ended 30.06.2007 RM'000	6 months ended 30.06.2006 RM'000	6 months ended 30.06.2007 RM'000	6 months ended 30.06.2006 RM'000
Profit before taxation	63,260	41,600	55,619	40,628
Adjustments for items not involving movement of cash and cash equivalents	(28,626)	(3,254)	(28,974)	(3,090)
Operating profit before changes in working capital	34,634	38,346	26,645	37,538
Changes in working capital:				
Net changes in operating assets	(704,815)	(175,460)	(718,424)	(168,038)
Net changes in operating liabilities	1,679,431	86,918	1,685,944	85,470
Tax paid	(7,899)	(7,296)	(7,445)	(6,936)
Tax recovered	5,868	-	5,868	-
Net cash generated/(used in) from operating activities	1,007,219	(57,492)	992,588	(51,966)
Net cash generated/(used in) from investing activities	4,693	(5,722)	6,819	(5,008)
Net cash used in financing activities	(21,000)	(64,805)	(21,000)	(64,805)
Net change in cash and cash equivalents	990,912	(128,019)	978,407	(121,779)
Cash and cash equivalents at beginning of financial period	1,111,241	652,329	1,085,102	637,238
Cash and cash equivalents at end of financial period	2,102,153	524,310	2,063,509	515,459
Analysis of cash and cash equivalents:				
Cash and short term fund	2,102,153	524,310	2,063,509	515,459

(The Condensed Consolidated Cash Flow Statement should be read in Conjunction with the Annual Financial Report for the financial year ended 31December 2006)

**NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2007**

1. Review of the performance

For the six months ended 30 June 2007, the Group recorded a profit before tax of RM63.3 million compared to RM41.6 million for the previous corresponding period ended 30 June 2006. The higher profit was mainly due to the higher net interest income and other operating income.

For the second quarter ended 30 June 2007, the Group recorded a higher profit before tax of RM44.6 million compared to the preceding quarter ended 31 March 2007 of RM18.6 million. The higher profit was mainly due to higher other operating income.

Compared to the corresponding quarter ended 30 June 2006, the Group's profit before tax was higher by RM17.5 million. Other operating income was higher by RM20.6 million mainly due to the higher fee income.

The main subsidiaries of the Bank, RHB Unit Trust Management Berhad and RHB Asset Management Sdn Bhd, recorded RM2.1 million profit before tax for the 6 months ended 30 June 2007 (2006: RM1.3 million) and RM4.8 million (2006: RM2.4 million) respectively.

2. Prospects for the current financial year ending 31 December 2007

The domestic demand has picked up over the last 6 months and growth is expected to continue for the second half of the year. The Bank intends to continue to focus and increase its fee income and non-interest income for the remainder of the year under these positive circumstances.

The Bank will also continue to capitalise on the high volume of interest in equity market through synergies among its business units. This will not only benefit the stockbroking business but also complements the other business units of the Bank.

3. Deposits from customers

(i) By type of deposit

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Short term deposits	790,588	-
Negotiable instrument of deposits	15,000	-
Fixed deposits	3,523,439	1,862,853
	4,329,027	1,862,853

(ii) By type of customers

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Business enterprises	4,061,463	1,416,442
Government and statutory bodies	267,564	446,411
	4,329,027	1,862,853

4. Deposits and placements of banks and other financial institutions

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Licensed banks	380,200	765,300
Other financial institutions	2,306,736	1,187,824
	2,686,936	1,953,124

5. Securities portfolio

(i) Securities held-for-trading

	Group		Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
At market value				
Money market instruments:				
Khazanah bonds	223,837	219,268	223,837	219,268
Bank Negara bills	-	172,665	-	172,665
Bank Negara monetary notes	70,102	-	70,102	-
Government investment issue	61,071	271,404	61,071	271,404
Malaysian Government securities	229,521	50,013	229,521	50,013
Bankers' acceptance	340,886	687,916	340,886	687,916
Negotiable certificates of deposit	1,034,427	955,019	1,034,427	955,019
Private debt securities	1,173,071	808,158	1,173,071	808,158
Quoted securities:				
<u>In Malaysia</u>				
Shares	117	-	117	-
Unit trust	3,142	5,547	-	-
	3,136,174	3,169,990	3,133,032	3,164,443

(ii) Securities available-for-sale

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
At market value		
Money market instruments:		
Private debt securities	373,162	427,981
Quoted securities:		
<u>In Malaysia</u>		
Shares	9,691	10,105
Private debt securities	15,778	9,210
Unquoted securities:		
<u>In Malaysia</u>		
Shares	2,200	2,200
	400,831	449,496

5. Securities portfolio (continued)

(iii) Securities held-to-maturity

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government securities	54,618	54,742
Khazanah bonds	52,951	51,926
Prasarana bonds	98,377	98,232
Private debt securities	195,909	196,853
Unquoted securities:		
<u>In Malaysia</u>		
Shares	2,200	2,200
Bonds	23	23
	404,078	403,976
Less:		
Accumulated Impairment losses	(66,067)	(65,960)
	338,011	338,016

6. Loans and advances

i) By type

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Term loans	455,848	388,192
Claims on customers under acceptance credits	18,395	23,202
Revolving credits	225,822	236,756
Margin financing	112,917	102,795
Staff loans	6,126	7,284
Less: Unearned interest	(39)	(56)
Gross loans and advances	819,069	758,173
Less: Allowance for bad and doubtful debts		
- General	(12,953)	(10,432)
- Specific	(64,675)	(96,458)
Total net loans and advances	741,441	651,283

ii) By type of customer

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Domestic business enterprises		
- Small Medium enterprise	475	55
- Others	680,865	671,497
Domestic Non Bank FI	50,055	-
Individuals	84,838	84,487
Foreign entities	2,836	2,134
	819,069	758,173

6. Loans and advances (continued)

iii) By interest/profit rate sensitivity

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Fixed rate		
Other fixed rate loan	6,691	10,103
Variable rate		
Cost plus	699,461	645,275
Other variable rates	112,917	102,795
	<u>819,069</u>	<u>758,173</u>

iv) By purpose

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Construction	47,888	67,052
Working capital	297,312	280,360
Purchase of landed property	3,429	3,889
Purchase of non-residential property	19,813	21,045
Purchase of fixed assets other than land & building	59,716	88,560
Purchase of securities	322,290	205,598
Purchase of transport vehicles	2,647	3,307
Personal use	50	88
Other purpose	65,924	88,274
	<u>819,069</u>	<u>758,173</u>

7. Non-performing loans (NPL)

i) Movements in non-performing loans

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
At beginning of period/year	196,814	187,360
Classified as non-performing during the period/year	-	20,908
Amount recovered	(30,341)	(9,799)
Amount written off	(39,126)	(1,655)
At end of period	127,347	196,814
Specific allowance	(64,675)	(96,458)
Net non-performing loans	<u>62,672</u>	<u>100,356</u>
Ratio of net non-performing loans to net loans	<u>8.31%</u>	<u>15.17%</u>

7. Non-performing loans (NPL) (continued)

ii) Movements in allowance for bad and doubtful debts

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
General allowance		
At beginning of period/year	10,432	12,056
Allowance written back during the period/year	2,521	(1,624)
At end of period/year	<u>12,953</u>	<u>10,432</u>
As % of gross loans, advances and financing less specific allowance	<u>1.72%</u>	<u>1.58%</u>
Specific allowance		
At beginning of period/year	96,458	52,324
Allowance made during the period/year	13,354	48,135
Amount recovered	(6,026)	(2,347)
Amount written off	(39,111)	(1,654)
At end of period/year	<u>64,675</u>	<u>96,458</u>

ii) Non-performing loans by purpose

	Group and Bank	
	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Personal use	-	9
Construction	7,725	7,758
Purchase of transport vehicles	-	4
Purchase of landed property	266	266
Purchase of landed property	7,665	7,666
Working capital	77,415	114,900
Purchase of securities	33,990	37,153
Others	286	29,058
	<u>127,347</u>	<u>196,814</u>

8. Interest income

	Group			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2007	30.06.2007	30.06.2006	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	11,589	21,974	9,508	19,345
- recoveries from NPLs	2,098	3,400	457	1,025
Money at call and deposit placements with banks and other financial institutions	19,265	34,632	6,994	13,084
Securities held-for-trading	32,055	66,184	15,843	29,198
Securities available-for-sale	5,754	11,911	1,812	3,567
Securities held-to-maturity	2,247	4,464	2,262	4,535
Others	1,365	2,360	1,397	2,625
	74,373	144,925	38,273	73,379
Amortisation of premium less accretion of discount	3,336	7,352	1,622	2,765
Interest suspended	-	-	(173)	(173)
Total interest income	77,709	152,277	39,722	75,971

	Bank			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2007	30.06.2007	30.06.2006	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- interest income other than recoveries from NPLs	11,589	21,974	9,508	19,345
- recoveries from NPLs	2,098	3,400	457	1,025
Money at call and deposit placements with banks and other financial institutions	19,061	34,228	6,851	12,837
Securities held-for-trading	32,055	66,184	15,843	29,198
Securities available-for-sale	5,754	11,911	1,812	3,567
Securities held-to-maturity	2,247	4,464	2,262	4,535
Others	1,365	2,360	1,218	2,283
	74,169	144,521	37,951	72,790
Amortisation of premium less accretion of discount	3,336	7,352	1,622	2,765
Interest suspended	-	-	(173)	(173)
Total interest income	77,505	151,873	39,400	75,382

9. Interest expense

	Group			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2007	30.06.2007	30.06.2006	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Deposits and placements from banks and other financial institutions	27,008	56,176	15,014	28,396
Deposits from customers	28,068	53,303	10,141	18,757
Subordinated bonds	3,374	6,710	3,373	6,709
Others	706	1,235	834	1,867
	59,156	117,424	29,362	55,729

9. Interest expense (continued)

	Bank			
	3 months ended 30.06.2007 RM'000	6 months ended 30.06.2007 RM'000	3 months ended 30.06.2006 RM'000	6 months ended 30.06.2006 RM'000
Deposits and placements from banks and other financial institutions	27,008	56,176	15,014	28,396
Deposits from customers	28,068	53,303	10,141	18,757
Subordinated bonds	3,374	6,710	3,373	6,709
Others	705	1,234	835	1,867
	<u>59,155</u>	<u>117,423</u>	<u>29,363</u>	<u>55,729</u>

10. Other operating income

	Group			
	3 months ended 30.06.2007 RM'000	6 months ended 30.06.2007 RM'000	3 months ended 30.06.2006 RM'000	6 months ended 30.06.2006 RM'000
Fee income				
Brokerage	28,629	64,445	16,880	30,905
Fund management fees	7,194	8,997	1,606	3,525
Fee on loans and advances	1,257	3,685	547	724
Corporate advisory fees	7,664	10,624	2,130	4,095
Guarantee fees	894	1,525	936	1,286
Underwriting fees	1,227	1,690	798	1,730
Unit trust fee income	9,237	23,348	4,828	10,483
Other fee income	3,542	13,264	1,282	2,898
	<u>59,644</u>	<u>127,578</u>	<u>29,007</u>	<u>55,646</u>
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	23,785	26,793	(3,017)	(1,810)
- securities available-for-sale	1,179	2,597	17,505	19,574
Net gain from redemption of				
- securities held-to-maturity	419	419	1,348	1,403
Derivatives	(314)	(541)	(18)	164
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	(12,213)	(34,047)	(3,815)	(6,625)
- derivatives	452	(2,925)	9,063	11,684
Gross dividend income from				
- securities held-to-maturity	-	-	620	620
- securities available-for-sale	210	210	1,343	2,677
	<u>13,518</u>	<u>(7,494)</u>	<u>23,029</u>	<u>27,687</u>
Other income				
Foreign exchange gain	(369)	(1,558)	(257)	324
Gain on disposal of property, plant and equipment	-	128	124	197
Others	213	1,903	477	2,545
	<u>(156)</u>	<u>473</u>	<u>344</u>	<u>3,066</u>
Other operating income	<u>73,006</u>	<u>120,557</u>	<u>52,380</u>	<u>86,399</u>

10. Other operating income (continued)

	Bank			
	3 months ended 30.06.2007	6 months ended 30.06.2007	3 months ended 30.06.2006	6 months ended 30.06.2006
	RM'000	RM'000	RM'000	RM'000
Brokerage	28,629	64,445	16,880	30,905
Fee on loans and advances	1,257	3,685	1,235	1,412
Corporate advisory fees	7,664	10,624	2,130	4,095
Guarantee fees	893	1,525	937	1,287
Underwriting fees	1,227	1,690	797	1,729
Other fee income	4,369	13,968	325	1,916
	<u>44,039</u>	<u>95,937</u>	<u>22,304</u>	<u>41,344</u>
Gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
- securities held-for-trading	23,785	26,793	(3,017)	(1,810)
- securities available-for-sale	1,179	2,597	17,505	19,574
Net gain from redemption of				
- securities held-to-maturity	419	419	1,348	1,403
Derivatives	(314)	(541)	92	274
Unrealised gain/(loss) on revaluation of				
- securities held-for-trading	(12,213)	(34,047)	(3,815)	(6,625)
- derivatives	452	(2,925)	9,063	11,684
Gross dividend income from				
- securities held-to-maturity	-	-	620	620
- securities available-for-sale	210	210	1,343	2,677
- subsidiary	-	-	-	3,700
	<u>13,518</u>	<u>(7,494)</u>	<u>23,139</u>	<u>31,497</u>
Other income				
Foreign exchange gain	(369)	(1,558)	(257)	324
Gain on disposal of property, plant and equipment	-	128	124	197
Others	246	1,834	241	2,132
	<u>(123)</u>	<u>404</u>	<u>108</u>	<u>2,653</u>
Other operating income	<u>57,434</u>	<u>88,847</u>	<u>45,551</u>	<u>75,494</u>

11. Other operating expenses

	Group			
	3 months ended 30.06.2007	6 months ended 30.06.2007	3 months ended 30.06.2006	6 months ended 30.06.2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	15,283	29,562	16,279	24,309
Defined contribution plan	2,089	4,032	1,849	3,150
Other staff related costs	4,036	8,048	1,055	2,650
Establishment costs				
Depreciation	1,814	3,923	2,101	4,291
Rental of premises	2,233	4,559	2,393	4,728
Information technology expenses	1,521	2,013	324	1,288
Others	1,696	3,797	1,865	3,128
Marketing expenses				
Sales commission	3,413	11,694	250	1,569
Advertisement and publicity	303	758	144	919
Others	2,675	3,427	1,148	1,659
Administration and general expenses				
Communication expenses	1,637	3,030	853	1,866
Legal and professional fees	733	1,213	1,041	1,123
Others	4,264	7,233	2,061	4,051
	41,697	83,289	31,363	54,731

	Bank			
	3 months ended 30.06.2007	6 months ended 30.06.2007	3 months ended 30.06.2006	6 months ended 30.06.2006
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, bonus and allowances	11,784	23,227	13,355	19,649
Defined contribution plan	1,723	3,348	1,519	2,458
Other staff related costs	3,683	7,378	720	2,028
Establishment costs				
Depreciation	1,595	3,495	1,932	3,958
Rental of premises	1,864	3,808	2,008	3,967
Information technology expenses	1,326	1,649	503	1,315
Others	1,523	3,535	1,353	2,552
Marketing expenses				
Advertisement and publicity	612	714	120	484
Others	874	1,558	517	965
Administration and general expenses				
Communication expenses	1,458	2,678	621	1,291
Legal and professional fees	703	1,163	989	1,036
Others	3,616	6,184	2,007	4,506
	30,761	58,737	25,644	44,209

12. Allowance for losses on loans and other losses

	Group and Bank			
	3 months ended	6 months ended	3 months ended	6 months ended
	30.06.2007	30.06.2007	30.06.2006	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Allowance for losses on loans				
Specific allowance				
- made in the financial period	6,677	13,354	7,355	14,711
- written back	(1,010)	(6,026)	(1,190)	(1,328)
General allowance	(175)	2,521	(1,071)	(1,629)
Allowance for losses on clients' and brokers' balances				
- general allowance	(504)	(780)	32	134
- specific allowance	432	(390)	(104)	(997)
Bad debts				
- recovered	(3)	(3)	(171)	(195)
- written off	14	408	5	5
Specific allowance for other debtors	(14)	(57)	149	397
Amount recoverable from Danaharta	-	-	(788)	(788)
	5,417	9,027	4,217	10,310

13. Capital adequacy

	Bank	
	As at	As at
	30.06.2007	31.12.2006
	RM'000	RM'000
Tier I capital		
Paid-up share capital	338,646	338,646
Other reserve	359,535	359,535
	698,181	698,181
AFS revaluation reserve	(30,223)	(30,223)
Deferred tax assets	(2,921)	(2,921)
Deferred tax liabilities	13,597	13,597
Dividend paid	(21,000)	-
Goodwill	(159,280)	(159,280)
Total Tier I capital	498,354	519,354
Tier II capital		
General allowance for bad and doubtful debts	13,303	11,562
Subordinated bonds	165,000	165,000
Total Tier II capital	178,303	176,562
Total capital	676,657	695,916
Less: Investment in subsidiaries	(38,091)	(38,172)
Total capital base	638,566	657,744
Core capital ratio	12.85%	16.02%
Risk-weighted capital ratio	16.47%	20.29%
Core capital ratio (net of proposed dividends)	-	15.37%
Risk-weighted capital ratio (net of proposed dividends)	-	19.64%

14. Commitments and contingencies

	Group and Bank					
	As at 30.06.2007			As at 31.12.2006		
	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	261,706	261,706	261,706	243,083	243,083	243,083
Transaction-related contingent items	527,113	32,557	32,557	764,829	32,415	32,415
Other assets sold with recourse and commitment	347,598	-	-			
Obligations under underwriting agreements	274,262	-	-	177,000	-	-
Irrevocable commitments to extend credit:						
- maturity not exceeding one year	427,528	-	-	460,573	-	-
- maturity exceeding one year	116,950	58,475	58,387	121,651	60,826	60,686
Foreign exchange-related contracts:						
- less than one year	69,050	794	159	35,680	1,871	374
- one to less than five years	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	1,500,000	92	18	1,360,000	147	30
- one to less than five years	3,395,000	18,791	3,758	3,470,000	8,282	1,656
Miscellaneous	112,129	22,426	4,485	98,367	19,673	3,935
	7,031,336	394,841	361,070	6,731,183	366,297	342,179

15. Interest rate risk

	Group								
	30.06.2007								
	Non-trading book								
	Up to 1 month	> 1-3 months	> 3-12 months	> 1-5 years	Over 5 years	Non-interest sensitive	Trading book	Total	Effective interest rate %
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets									
Cash and short term funds	2,029,235	-	-	-	-	72,918	-	2,102,153	3.51
Securities purchased under resale agreements	10,100	-	-	-	-	-	-	10,100	3.10
Deposits and placements with financial institutions	-	1,022,450	-	-	-	-	-	1,022,450	3.55
Securities held-for-trading	-	-	-	-	-	-	3,136,174	3,136,174	4.31
Securities available-for-sale	-	5,185	35,050	139,547	209,158	11,891	-	400,831	8.25
Securities held-to-maturity	-	2,684	72,809	293,178	33,184	(63,844)	-	338,011	5.58
Loans and advances									
- performing	446,997	238,599	-	2,647	3,479	-	-	691,722	7.21
- non-performing	-	-	-	-	-	49,719	-	49,719	-
Clients' and brokers' balances	62,133	-	-	-	-	383,735	-	445,868	2.26
Other assets	-	-	69	548	770	74,411	1,460	77,258	4.00
Amount due from holding company	-	-	-	-	-	-	-	-	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	79,286	-	79,286	-
Tax recoverable	-	-	-	-	-	23,576	-	23,576	-
Deferred tax assets	-	-	-	-	-	2,967	-	2,967	-
Property, plant and equipment	-	-	-	-	-	15,696	-	15,696	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	2,548,465	1,268,918	107,928	435,920	246,591	823,199	3,137,634	8,568,655	
Liabilities									
Deposits from customers	1,758,279	2,105,146	200,572	265,030	-	-	-	4,329,027	3.54
Deposits and placements of banks and other financial institutions	1,211,108	715,979	619,607	140,242	-	-	-	2,686,936	3.57
Clients' and brokers' balances	-	-	-	-	-	531,142	-	531,142	-
Taxation	-	-	-	-	-	1,153	-	1,153	-
Deferred tax liabilities	-	-	-	-	-	11,292	-	11,292	-
Other liabilities	-	-	-	-	-	96,566	17,317	113,883	-
Borrowing	-	-	-	-	-	-	-	-	-
Subordinated bonds	-	-	165,000	-	-	-	-	165,000	-
Total liabilities	2,969,387	2,821,125	985,179	405,272	-	640,153	17,317	7,838,433	
Net interest rate gap	(420,922)	(1,552,207)	(877,251)	30,648	246,591				

15. Interest rate risk (continued)

	Group								Effective interest rate %
	31.12.2006								
	Non-trading book						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	Non- interest sensitive RM'000				
Assets									
Cash and short term funds	1,058,359	-	-	-	-	52,882	-	1,111,241	3.53
Securities purchased under resale agreements	165,304	-	-	-	-	-	-	165,304	3.00
Deposits and placements with financial institutions	-	443,500	120	-	-	-	-	443,620	3.66
Securities held-for-trading	-	-	-	-	-	-	3,169,990	3,169,990	4.21
Securities available-for-sale	-	-	40,346	159,219	237,626	12,305	-	449,496	8.08
Securities held-to-maturity	-	-	2,681	351,748	47,324	(63,737)	-	338,016	5.55
Loans and advances - performing	448,763	105,321	-	3,386	3,889	-	-	561,359	7.40
- non-performing	-	-	-	-	-	89,924	-	89,924	-
Clients' and brokers' balances	36,824	-	-	-	-	140,203	-	177,027	0.66
Other assets	1,798	-	245	611	822	69,265	1,775	74,516	2.79
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	69,206	-	69,206	-
Tax recoverable	-	-	-	-	-	33,793	-	33,793	-
Deferred tax assets	-	-	-	-	-	3,087	-	3,087	-
Property, plant and equipment	-	-	-	-	-	19,028	-	19,028	-
Goodwill	-	-	-	-	-	172,844	-	172,844	-
Total assets	1,711,048	548,821	43,392	514,964	289,661	598,800	3,171,765	6,878,451	
Liabilities									
Deposits from customers	872,569	509,288	280,996	200,000	-	-	-	1,862,853	3.67
Deposits and placements of banks and other financial institutions	424,513	935,312	500,253	93,046	-	-	-	1,953,124	3.68
Obligations on securities sold under repurchase agreements	1,780,599	29,238	-	-	-	-	-	1,809,837	3.49
Clients' and brokers' balances	56,973	-	-	-	-	194,399	-	251,372	2.84
Taxation	-	-	-	-	-	5,366	-	5,366	-
Deferred tax liabilities	-	-	-	-	-	13,602	-	13,602	-
Other liabilities	491	9,167	-	-	-	83,075	14,563	107,296	3.10
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
Total liabilities	3,135,145	1,483,005	781,249	458,046	-	296,442	14,563	6,168,450	
Net interest rate gap	(1,424,097)	(934,184)	(737,857)	56,918	289,661	-	-	-	

15. Interest rate risk (continued)

	Bank								Effective interest rate %
	30.06.2007								
	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	2,015,715	-	-	-	-	47,794	-	2,063,509	3.51
Securities purchased under agreement	-	-	-	-	-	-	-	-	-
Deposits and placements with financial institutions	-	1,022,450	-	-	-	-	-	1,022,450	3.55
Securities held-for-trading	-	-	-	-	-	-	3,133,032	3,133,032	4.31
Securities available-for-sale	-	5,185	35,050	139,547	209,158	11,891	-	400,831	8.25
Securities held-to-maturity	-	2,684	72,809	293,178	33,184	(63,844)	-	338,011	5.58
Loans and advances - performing	446,997	238,599	-	2,647	3,479	-	*	691,722	7.21
- non-performing	-	-	-	-	-	49,719	-	49,719	-
Clients' and brokers' balance	62,133	-	-	-	-	383,735	-	445,868	2.26
Amount due from subsidiary companies	-	-	-	-	-	332	-	332	-
Other assets	-	-	-	-	-	60,071	1,460	61,531	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	79,286	-	79,286	-
Investment in subsidiary companies	-	-	-	-	-	38,091	-	38,091	-
Tax recoverable	-	-	-	-	-	25,420	-	25,420	-
Deferred tax assets	-	-	-	-	-	2,921	-	2,921	-
Property, plant and equipment	-	-	-	-	-	12,971	-	12,971	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	2,524,845	1,268,918	107,859	435,372	245,821	807,667	3,134,492	8,524,974	
Liabilities									
Deposits from customers	1,758,279	2,105,146	200,572	265,030	-	-	-	4,329,027	3.54
Deposits and placements of banks and other financial institutions	1,211,108	715,979	619,607	140,242	-	-	-	2,686,936	3.57
Clients' and brokers' balance	-	-	-	-	-	531,142	-	531,142	-
Deferred tax liabilities	-	-	-	-	-	11,273	-	11,273	-
Other liabilities	-	-	-	-	-	71,248	17,317	88,565	-
Subordinated bonds	-	-	165,000	-	-	-	-	165,000	8.20
Total liabilities	2,969,387	2,821,125	985,179	405,272	-	613,663	17,317	7,811,943	
Net interest rate gap	(444,542)	(1,552,207)	(877,320)	30,100	245,821				

15. Interest rate risk (continued)

	Bank								Effective interest rate %
	31.12.2006								
	Non-trading book						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	Non- interest sensitive RM'000				
Assets									
Cash and short term funds	1,050,955	-	-	-	-	34,147	-	1,085,102	3.53
Securities purchased under resale agreements	152,454	-	-	-	-	-	-	152,454	3.00
Deposits and placements with financial institutions	-	443,500	120	-	-	-	-	443,620	3.66
Securities held-for-trading	-	-	-	-	-	-	3,164,443	3,164,443	4.21
Securities available-for-sale	-	-	40,346	159,219	237,626	12,305	-	449,496	8.08
Securities held-to-maturity	-	-	2,681	351,748	47,324	(63,737)	-	338,016	5.55
Loans and advances									
- performing	448,763	105,321	-	3,386	3,889	-	-	561,359	7.40
- non-performing	-	-	-	-	-	89,924	-	89,924	-
Clients' and brokers' balances	36,824	-	-	-	-	140,203	-	177,027	0.66
Amount due from subsidiary companies	-	-	-	-	-	327	-	327	-
Other assets	1,798	-	-	-	-	48,533	1,775	52,106	1.35
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	69,206	-	69,206	-
Investment in subsidiary companies	-	-	-	-	-	38,172	-	38,172	-
Tax recoverable	-	-	-	-	-	35,197	-	35,197	-
Deferred tax assets	-	-	-	-	-	2,921	-	2,921	-
Property, plant and equipment	-	-	-	-	-	16,106	-	16,106	-
Goodwill	-	-	-	-	-	159,280	-	159,280	-
Total assets	1,690,794	548,821	43,147	514,353	288,839	582,584	3,166,218	6,834,756	
Liabilities									
Deposits from customers	872,569	509,288	280,996	200,000	-	-	-	1,862,853	3.67
Deposits and placements of banks and other financial institutions	424,513	935,312	500,253	93,046	-	-	-	1,953,124	3.68
Obligations on securities sold under repurchase agreements	1,780,599	29,238	-	-	-	-	-	1,809,837	3.49
Clients' and brokers' balances	56,973	-	-	-	-	194,399	-	251,372	2.84
Taxation	-	-	-	-	-	5,328	-	5,328	-
Deferred tax liabilities	-	-	-	-	-	13,597	-	13,597	-
Other liabilities	491	9,167	-	-	-	51,243	14,563	75,464	3.10
Subordinated bonds	-	-	-	165,000	-	-	-	165,000	8.20
Total liabilities	3,135,145	1,483,005	781,249	458,046	-	264,567	14,563	6,136,575	
Net interest rate gap	(1,444,351)	(934,184)	(738,102)	56,307	288,839				