

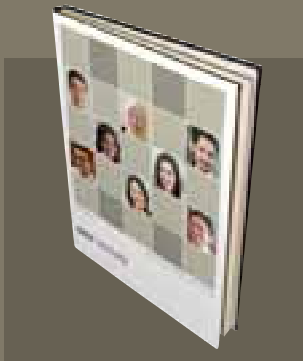


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d e l i v e r i n g r e s u l t s



RHB CAPITAL BERHAD
ANNUAL REPORT **2005**



Delivering Results

Our philosophy is simple - treat customers as real people with real needs. Then follow it up with innovative products and services that surpass their expectations. You can't get any more customer centric than that. After all, we are in the business of delivering results for our customers.

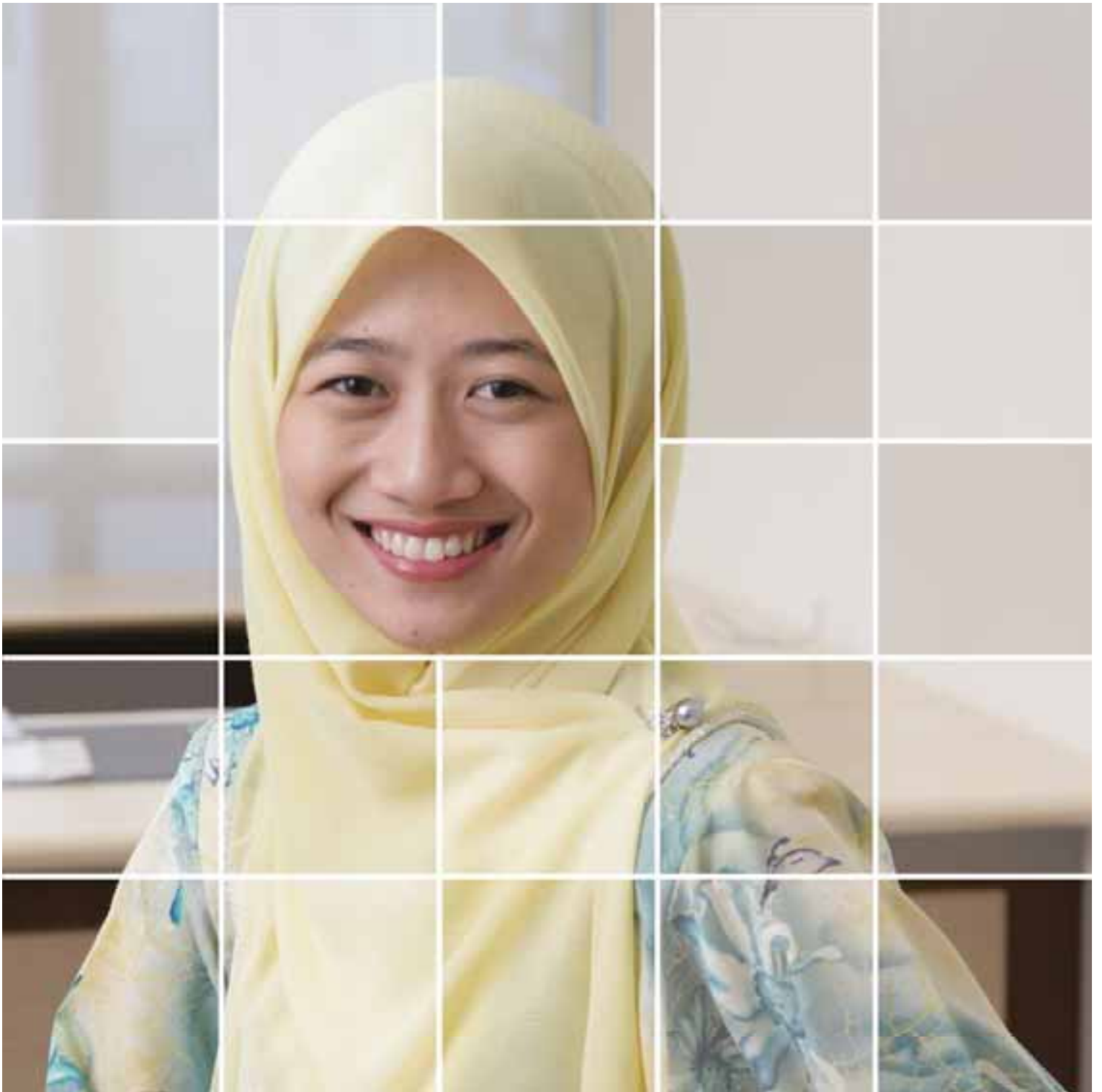
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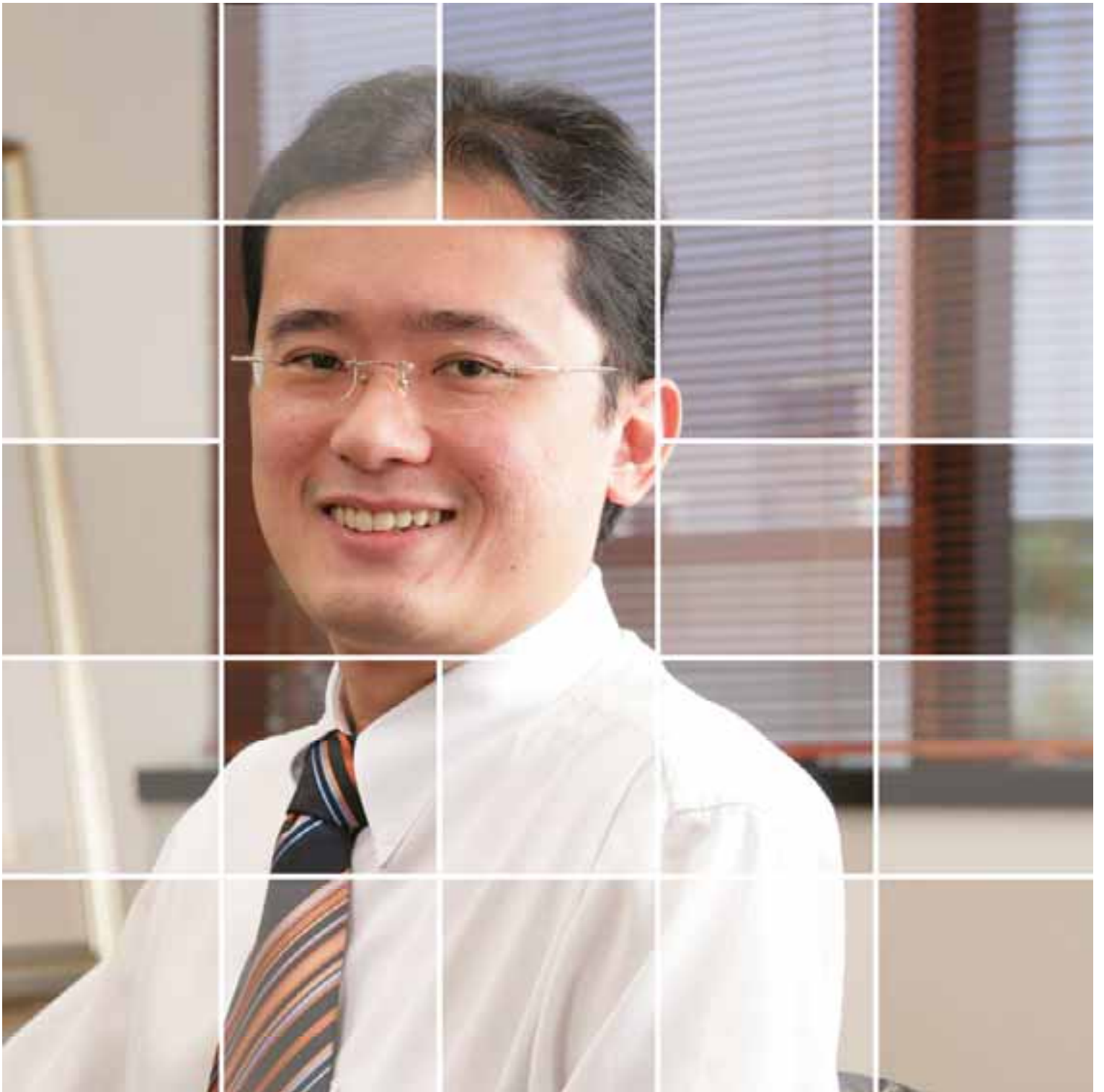
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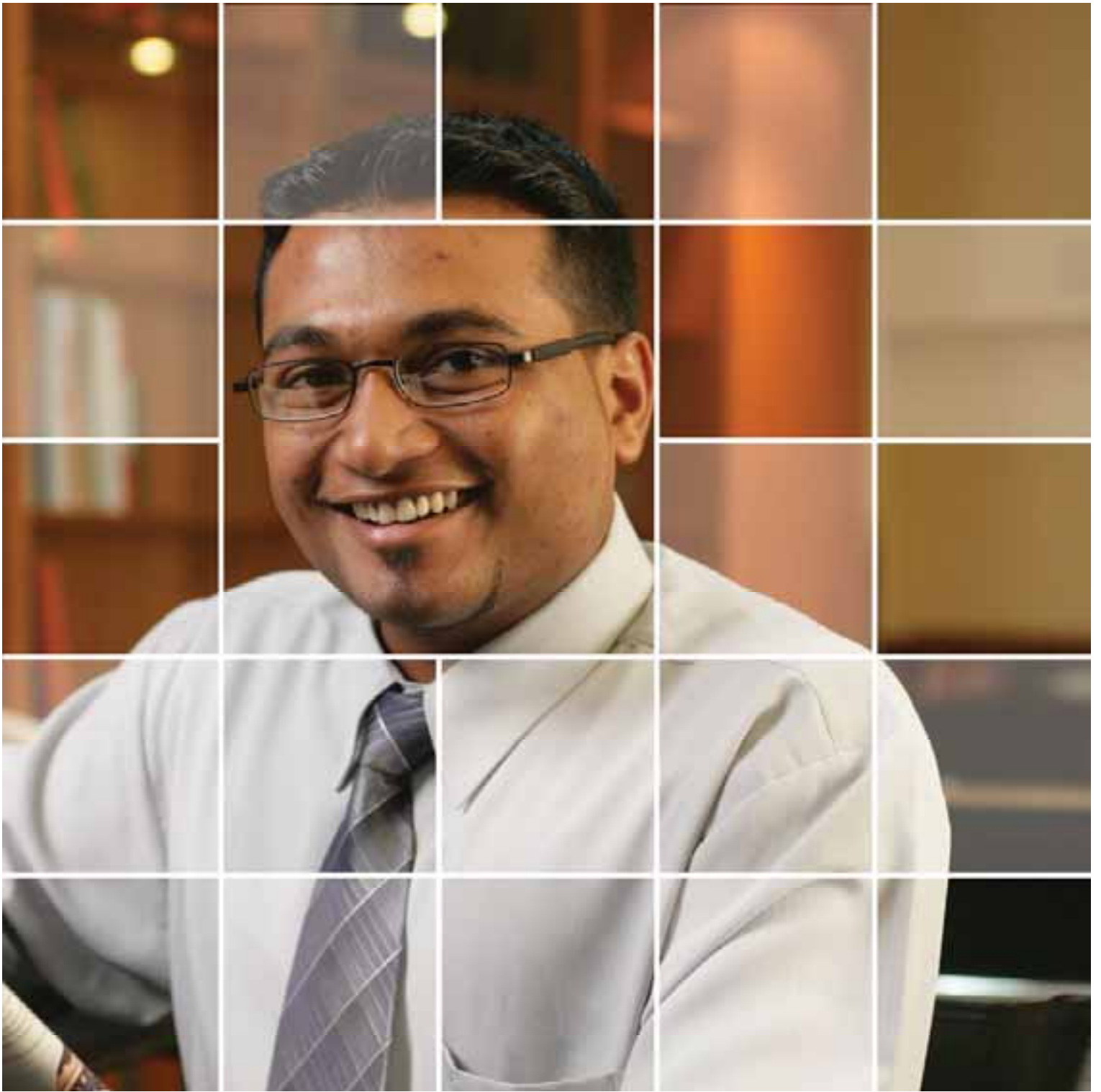
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We know that customers – individuals and businesses alike – require products and services that are easy and intuitive to use, and customer interactions as straightforward and hassle-free as possible. And that’s just the way our approach has been for all our customers since day one of our operations.



Our goal is to introduce cutting-edge technologies that drive markets and bring tangible benefits to our customers, helping businesses to be more productive and more competitive – locally or regionally. And we will continue to be there, for each and every one of our customers.



We are passionate about our brand promise of providing superior customer satisfaction. It is in our DNA. We are and will always be true to this commitment. That's why our focus is always centred around our customers. And this will never change.

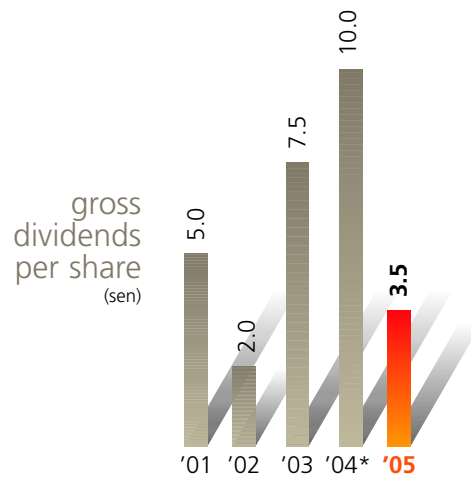
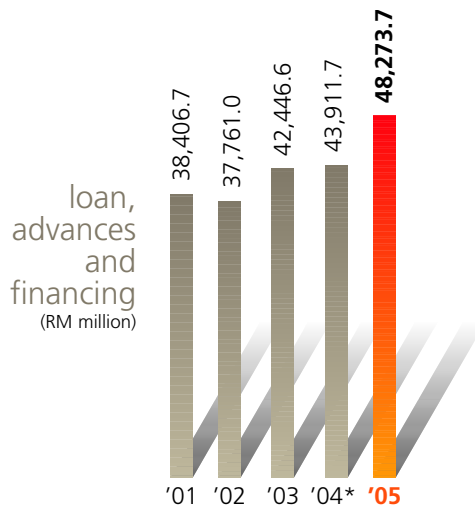
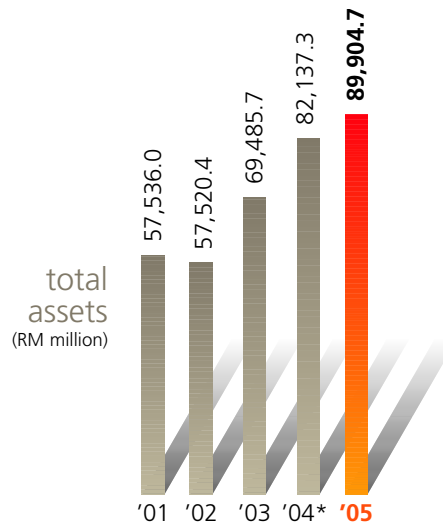
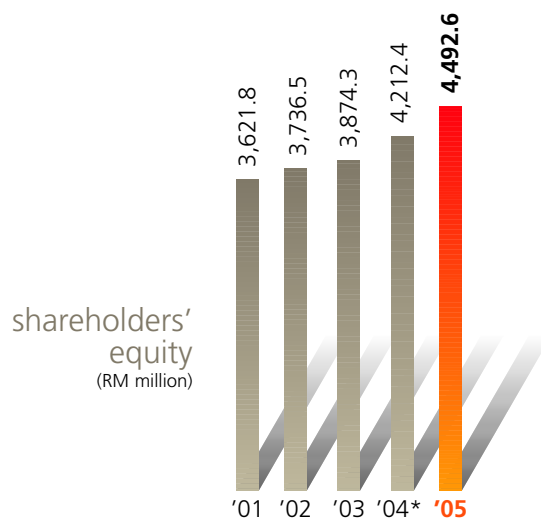
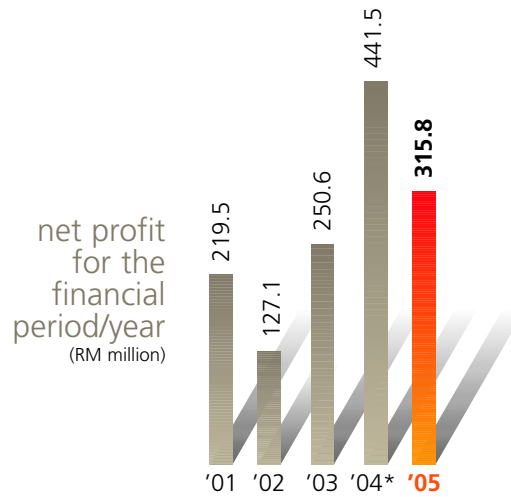
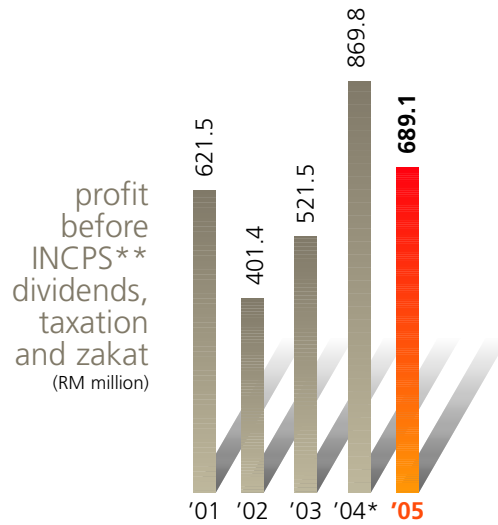
group financial highlights

	2005	2004*	2003	2002	2001
	RM million	RM million	RM million	RM million	RM million
RESULTS					
Operating revenue	4,440.8	5,610.8	3,435.8	3,238.2	3,437.4
Operating profit	1,311.5	1,588.1	1,176.0	1,171.8	1,172.1
Profit before INCPS** dividends, taxation and zakat	689.1	869.8	521.5	401.4	621.5
Net profit for the financial period/year	315.8	441.5	250.6	127.1	219.5
BALANCE SHEETS					
Paid-up capital	1,823.5	1,823.5	1,823.5	1,823.5	1,823.5
Shareholders' equity	4,492.6	4,212.4	3,874.3	3,736.5	3,621.8
Total assets	89,904.7	82,137.3	69,485.7	57,520.4	57,536.0
Loans, advances and financing	48,273.7	43,911.7	42,446.6	37,761.0	38,406.7
Total deposits	60,949.9	57,291.2	52,402.0	42,020.3	42,035.5
RATIOS					
Gross dividends per share – (sen)	3.5	10.0	7.5	2.0	5.0
Net assets per share – (RM)	2.46	2.31	2.12	2.05	1.99
Net tangible assets per share – (RM)	1.82	1.67	1.47	1.90	1.83
SHARE PRICES AND MARKET CAPITALISATION***					
Share prices – (RM)	2.21	2.34	1.69	2.35	2.00
Market capitalisation	4,029.9	4,267.0	3,081.7	4,285.2	3,647.0

* The Company changed its financial year end from 30 June to 31 December with effect from the financial period ended 31 December 2004 and accordingly, the results for that financial period are for eighteen months. Certain figures have been restated arising from the retrospective application of the Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/IGP8) issued by Bank Negara Malaysia.

** Irredeemable Non-cumulative Convertible Preference Shares.

*** Share prices are closing price at financial period/year end.



* The Company changed its financial year end from 30 June to 31 December with effect from the financial period ended 31 December 2004 and accordingly, the results for that financial period are for eighteen months. Certain figures have been restated arising from the retrospective application of the Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/IGP8) issued by Bank Negara Malaysia.

** Irredeemable Non-cumulative Convertible Preference Shares.

BOARD OF DIRECTORS

YBhg Dato Sri Sulaiman Abdul Rahman Taib
Non-Independent Non-Executive Director

YBhg Datuk Azlan Zainol
Non-Independent Non-Executive Director

Encik Vaseehar Hassan Abdul Razack
Non-Independent Non-Executive Director

YBhg Dato' Mohd Salleh Hj Harun
Independent Non-Executive Director

Encik Johari Abdul Muid
Non-Independent Non-Executive Director

Mr Lew Foon Keong
Independent Non-Executive Director

COMPANY SECRETARY

Encik Azman Shah Md Yaman

AUDIT COMMITTEE

Mr Lew Foon Keong
Chairman

YBhg Datuk Azlan Zainol

YBhg Dato' Mohd Salleh Hj Harun

NOMINATING COMMITTEE

YBhg Dato' Mohd Salleh Hj Harun
Chairman

YBhg Datuk Azlan Zainol

Encik Vaseehar Hassan Abdul Razack

Encik Johari Abdul Muid

Mr Lew Foon Keong

REMUNERATION AND HUMAN RESOURCE COMMITTEE

Mr Lew Foon Keong
Chairman

Encik Vaseehar Hassan Abdul Razack

Encik Johari Abdul Muid

RISK MANAGEMENT COMMITTEE

YBhg Dato' Mohd Salleh Hj Harun
Chairman

Encik Vaseehar Hassan Abdul Razack

Encik Johari Abdul Muid

EXECUTIVE COMMITTEE

Encik Vaseehar Hassan Abdul Razack

Encik Johari Abdul Muid

SENIOR MANAGEMENT

Mr Wong Yoke Ming
Chief Operating Officer

Mr Albert Chan Huat Cheng
Chief Financial Officer
(retired on 12 April 2006)

Mr Steven Choy Khai Choon
Head, Group Business Engineering
(resigned on 24 April 2006)

Puan Norazzah Sulaiman
Head, Group Legal & Compliance

Dr Khoo Guan Seng
Group Chief Risk Officer
(resigned on 15 May 2006)

Mr V. Kanesan
Head, Group Corporate Communications
Division

Mr Lim Chong John
Group Chief Technology Officer

Ms Catherine Lee Yun Fong
Group Internal Audit Division

Encik Azman Shah Yaman
Head, Group Secretariat

REGISTERED OFFICE

Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : 603-92852233
Fax : 603-92819314

COMPANY NO.

312952-H

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
11th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 603-27212222
Fax : 603-27212530/2531

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia
Securities Berhad

board of directors

From left to right:

Dato Sri Sulaiman Abdul Rahman Taib

Datuk Azlan Zainol

Vaseehar Hassan Abdul Razack

Dato' Mohd Salleh Hj Harun

Johari Abdul Muid

Lew Foon Keong



profile of the board of directors - as at 14 April 2006



YBHG DATO SRI SULAIMAN ABDUL RAHMAN TAIB

(37 years of age – Malaysian)

Non-Independent Non-Executive Director

YBhg Dato Sri Sulaiman Abdul Rahman Taib (“YBhg Dato Sri Sulaiman”) was appointed as the Executive Chairman of RHB Capital Berhad (“RHB Capital”) on 7 May 2003 and currently serves as a Non-Independent Non-Executive Director.

YBhg Dato Sri Sulaiman holds a Bachelor of Science Degree in Business Administration from the University of San Francisco, USA.

YBhg Dato Sri Sulaiman is also currently the Group Chairman of Cahya Mata Sarawak Berhad (“CMSB”), a conglomerate listed on the Main Board of Bursa Malaysia Securities Berhad with financial services and infrastructure development as its main business. He was appointed as Group Chairman of CMSB in May 2002, having been on the Board of CMSB since January 1995. He was Acting Group Chief Executive Officer for the conglomerate in 2001, before assuming the position as Group Deputy Chairman from January till May 2002.

YBhg Dato Sri Sulaiman’s other directorships in public companies include Rashid Hussain Berhad (Chairman), RHB Islamic Bank Berhad, Utama Banking Group Berhad, K&N Kenanga Holdings Berhad, Malaysian Industry-Government Group for High Technology, CMS Works International Ltd, CMS Global (BVI) Ltd and CMS I-System Berhad (formerly known as I-Systems Group Berhad).

YBhg Dato Sri Sulaiman attended fourteen Board meetings during the financial year. He has no family relationship with any Director of RHB Capital. He is the brother of Tuan Haji Mahmud Abu Bekir Taib, an indirect major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.



YBHG DATUK AZLAN ZAINOL

(56 years of age – Malaysian)

Non-Independent Non-Executive Director

YBhg Datuk Azlan Zainol (“YBhg Datuk Azlan”) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 27 July 2005. He also serves as a Member of the Audit Committee and Nominating Committee of RHB Capital.

YBhg Datuk Azlan is a Fellow of the Institute of Chartered Accountants in England & Wales, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants.

YBhg Datuk Azlan is also currently the Chief Executive Officer of Employees Provident Fund Board (EPF). He has more than 25 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

YBhg Datuk Azlan’s other directorships in public companies include Rashid Hussain Berhad, RHB Bank Berhad (Chairman), RHB Sakura Merchant Bankers Berhad, Malaysian Resources Corporation Berhad (Chairman), Jardine Cycle & Carriage Limited, Commonwealth Africa Investments Limited, ASIA Ltd and MCL Land Limited.

YBhg Datuk Azlan attended four out of five Board Meetings held during the financial year since his appointment. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.

profile of the board of directors - as at 14 April 2006



ENCIK VASEEHAR HASSAN ABDUL RAZACK

(55 years of age – Malaysian)

Non-Independent Non-Executive Director

Encik Vaseehar Hassan Abdul Razack (“Encik Vaseehar Hassan”) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 7 May 2003. He also serves as a Member of the Remuneration and Human Resource Committee, Nominating Committee, Risk Management Committee and Executive Committee of RHB Capital.

Encik Vaseehar Hassan who has a Bachelor Degree in Accounting, Masters in Business Administration as well as Specialised Masters in Consulting and Coaching is currently pursuing a Doctoral Research at the Vrije Universiteit, Amsterdam.

Encik Vaseehar Hassan has 26 years of experience in the financial sector. In addition to being the Chief Executive and Director of the Malaysian subsidiary of Dallah AlBaraka Group of Saudi Arabia, Encik Vaseehar Hassan’s current directorships in public companies include Rashid Hussain Berhad, RHB Bank Berhad, RHB Sakura Merchant Bankers Berhad, RHB Insurance Berhad, RHB Islamic Bank Berhad (Chairman), Utama Banking Group Berhad, CMS Trust Management Berhad and Ingress Corporation Berhad.

Encik Vaseehar Hassan attended all sixteen Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.



YBHG DATO' MOHD SALLEH HJ HARUN

(61 years of age – Malaysian)

Independent Non-Executive Director

YBhg Dato' Mohd Salleh Hj Harun (“YBhg Dato' Mohd Salleh”) was appointed as an Independent Non-Executive Director of RHB Capital on 20 August 2004. He also serves as Chairman of the Nominating Committee and Risk Management Committee as well as Member of the Audit Committee of RHB Capital.

YBhg Dato' Mohd Salleh is a Fellow of the Institute of Bankers and also a Member of the Malaysian Institute of Certified Public Accountants.

YBhg Dato' Mohd Salleh has 31 years of experience in the banking and financial sector, having held various senior positions in Aseambankers Malaysia Berhad, Bank Kerjasama Rakyat Malaysia Berhad and Malayan Banking Berhad. He was the Executive Director of Malayan Banking Berhad from 1994 to 2000 prior to joining Bank Negara Malaysia, whereat he served as Deputy Governor from 2000 to 2004.

YBhg Dato' Mohd Salleh’s other directorships in public companies include RHB Bank Berhad, RHB Insurance Berhad (Chairman), RHB Islamic Bank Berhad, Titan Chemical Corp. Bhd and Scicom MSC Berhad.

YBhg Dato' Mohd Salleh attended fifteen out of sixteen Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.



ENCIK JOHARI ABDUL MUID

(48 years of age - Malaysian)

Non-Independent Non-Executive Director

Encik Johari Abdul Muid ("Encik Johari") was appointed as a Non-Independent Non-Executive Director of RHB Capital on 1 April 2005. He also serves as a Member of the Remuneration and Human Resource Committee, Nominating Committee, Risk Management Committee and Executive Committee of RHB Capital.

Encik Johari is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

Encik Johari has more than 21 years of experience in the financial sector. He started his career as a Money Market Dealer with Asian International Merchant Bankers Berhad in 1981. From 1983 to 1994, he was with Commerce International Merchant Bankers Berhad, working in the Treasury Division and was made the Head of Treasury in 1988. He became the Senior Vice President of Institutional Sales in 1995, within a year of joining CIMB Securities Sdn Bhd ("CIMB Securities"), where he was responsible in setting up the Institutional Sales Team of CIMB Securities. Prior to joining EPF in August 2004, he was the Chief Investment Officer of ValueCap Sdn Bhd which he joined in February 2003. He is currently the Chief Investment Officer (Equity) of EPF.

Encik Johari's other directorships in public companies include Rashid Hussain Berhad, RHB Bank Berhad and RHB Sakura Merchant Bankers Berhad.

Encik Johari attended all ten Board Meetings held during the financial year since his appointment. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.



MR LEW FOON KEONG

(48 years of age - Malaysian)

Independent Non-Executive Director

Mr Lew Foon Keong ("Mr Lew") was appointed as an Independent Non-Executive Director of RHB Capital on 1 June 2005. Mr Lew also serves as Chairman of the Audit Committee and the Remuneration and Human Resource Committee as well as Member of the Nominating Committee of RHB Capital.

Mr Lew holds a BA (Hons) in Finance and Accounting from the University of East London and a MSc (MBA) in Management Science from Imperial College, University of London.

Mr Lew has over 20 years of investment banking experience. He started his career in 1983 in the city of London with Wardley James Capel (then the merchant banking and stockbroking operations of the HongKong Bank Group) and subsequently worked for a British merchant bank, Robert Fleming and Credit Commercial de France before returning to Asia in 1990 to manage the regional corporate finance business for HG Asia Securities. In 1997, following the sale of HG Asia to ABN Amro Bank, Mr Lew was appointed Managing Director of ABN Amro's merchant banking business in Singapore. In late 1999, Mr Lew founded Equator Capital Pte Limited, an investment management and advisory company which is currently active in equities options and derivatives trading apart from venture capital investments. Over the years, he has been involved in a wide range of investment banking work, including global Initial Public Offerings, equities placements, corporate takeovers and mergers, debt/equity restructuring and venture capital financing.

Mr Lew's other directorship in public company includes RHB Sakura Merchant Bankers Berhad.

Mr Lew attended five out of seven Board Meetings held during the financial year since his appointment. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged for any offence.

RHB group corporate structure – As at 14 April 2006



RASHID HUSSAIN BERHAD

RHB CAPITAL BERHAD (64.87%)



OTHERS

- RHB Insurance Berhad (79.5%)
- RHB International Trust (L) Ltd
 - RHB Corporate Services Sdn Bhd
(formerly known as RHB International Trust (Labuan) Sdn Bhd)
- RHB Equities Sdn Bhd *
 - KYB Sdn Bhd
- RHB Capital (Jersey) Limited
 - RHB Overseas Limited
 - Rashid Hussain Securities (Philippines) Inc **
 - PT Rashid Hussain Securities (85%) ***
- RHB Asia Pte Ltd
- RHB Hartanah Sdn Bhd
 - Positive Properties Sdn Bhd (50%)
- RHB Dynamic Technologies Sdn Bhd
- RHB Bena Sdn Bhd
- KYB Trust Management Sdn Bhd
- Kwong Yik Nominees (Asing) Sdn Bhd
- Kwong Yik Nominees (Tempatan) Sdn Bhd
- RHBF Sdn Bhd
 - KYF Sdn Bhd

The subsidiary companies are wholly-owned unless otherwise stated.

Dormant company

Associate company

* With effect from 1 July 2001, the company's activities pertain primarily to recovery of outstanding debts.

** The company has ceased operations from the close of business on 10 December 2001.

*** The company has ceased operations on 31 July 2001 and commenced proceedings for shareholders' voluntary dissolution.

^ With effect from 1 January 2006, the company's assets and liabilities were vested to RHB Bank Berhad and RHB ISLAMIC Bank Berhad (for the Islamic assets and liabilities), accordingly.

^^ The company has commenced members' voluntary winding up on 30 March 2006.

senior



*from left to right:
Puan Norazzah Sulaiman, Mr V. Kanesan,
Mr Moi Pak Choong, Mr Albert Chan Huat Cheng,
Dr Khoo Guan Seng*

management



from left to right:
Mr Steven Choy Khai Choon, Mr Lim Chong John,
Mr Wong Yoke Ming, Encik Azman Shah Yaman,
Ms Catherine Lee Yun Fong

board of directors' report 2005

The Board of Directors presents to you the Annual Report for the financial year ended 31 December 2005. This marks RHB Capital Berhad's ("RHB Capital") first 12-month period following the shift in the financial year-end from 30 June to 31 December.

During the year under review, RHB Capital has accelerated its growth and strengthened its competitiveness through intensive cost-cutting initiatives, better risk management and strategic realignment of core businesses. Our investment in creating more efficient structures and enhancing enterprise value are increasingly paying off as we continue to improve our market position in relation to our customers. Amid sweeping changes across Malaysia's financial landscape in 2005, the Group demonstrated its ability to break new grounds, such as the historic launch of its full-fledged Islamic bank, while expanding its reach nationwide. As economies become increasingly borderless, we are also creating

awareness of our growing presence in the region through our network in Singapore, Thailand and Brunei. Despite an increasingly demanding and competitive marketplace, the Group's relentless drive to evolve and fortify its operations has fuelled major advances that will sustain our profit momentum and steer future expansion.

FINANCIAL PERFORMANCE

The Group stood sturdy in the face of a challenging operating environment and bolstered its performance for the financial year ended 31 December 2005. RHB Capital chalked up a net profit of RM315.8 million, while its consolidated profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and zakat amounted to RM689.1 million. This was achieved on the back of a total net interest income of RM1.6 billion and other non-interest income of RM782.0 million. The Group's

robust performance is attributable to the healthy level of net interest income, which grew 16% compared to the annualised net interest income for 2004. Steady growth in its loan portfolio and strong contribution from other operating income further augmented the Group's financial standing. During the year under review, revenue from the Islamic Banking business charted an encouraging growth to RM147.7 million. This area of business is now driven by RHB ISLAMIC Bank Berhad ("RHB ISLAMIC"), which became the nation's third full-fledged Islamic banking institution to open its door for business on 16 March 2005. RHB ISLAMIC also made history for being the first Islamic bank in Malaysia to evolve from an Islamic Banking window of a commercial bank.

The Group made further progress in improving its risk profile and asset quality, largely due to intensified recovery efforts and efficient credit framework. The period of default for non-performing loans ("NPL") was changed from six months to three months in September 2005 in line with industry best practices. Despite the more stringent classification, the Group's net NPL ratio dropped to 5.1%, well below the banking industry average of 5.8% and down from its 6.0% level as at 31 December 2004. The declining trend reflected lower net NPL from sectors such as manufacturing, construction and real estate. At the same time, shareholders' funds rose to RM4.5 billion, compared to RM4.2 billion as at 31 December 2004. The Group's total asset base increased to RM89.9 billion, from RM82.1 billion the previous year. Gross loans and advances climbed to RM51.0 billion at the end of 2005, from RM47.2



billion as at the end of 2004, buoyed by higher vehicle financing and double-digit increases in lending to small and medium enterprises and individuals. RHB Capital's net tangible assets per share improved by 9% to RM1.82, from RM1.67 as at 31 December 2004.

RHB Bank Berhad ("RHB Bank"), the Group's flagship, remained the largest revenue earner. It posted a profit before INCPS dividends, taxation and zakat of RM478.3 million or 69% of the Group's total profit during the year. It remained strongly capitalised, with shareholders' equity and INCPS of RM5.5 billion as at the end of 2005 and a Risk-Weighted Capital Adequacy ratio of 12.6%.

RHB Sakura Merchant Bankers Berhad ("RHB Sakura") similarly turned in a stellar performance with a profit before tax of RM101.4 million, which marked a sharp increase of 57% over the annualised pre-tax profit in 2004. However, RHB Securities Sdn Bhd ("RHB Securities") recorded a lower profit before tax of RM4.5 million as earnings were dampened by a weak equity market. Other subsidiaries however, charted encouraging growth. RHB Delta Finance Berhad ("RHB Delta Finance") and RHB Leasing Sdn Bhd ("RHB Leasing") registered a combined profit before tax of RM63.1 million during the financial year. RHB Asset Management Sdn Bhd ("RHBAM") made a profit before tax of RM4.0 million, while RHB Unit Trust Management Berhad ("RHB Unit Trust") achieved a profit before tax of RM2.9 million. RHB Insurance Berhad ("RHB Insurance") ended the year with a return on

"RHB Capital chalked up a net profit of RM315.8 million, while its consolidated profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and zakat amounted to RM689.1 million. This was achieved on the back of a total net interest income of RM1.6 billion and other non-interest income of RM782.0 million."

equity of 18.6% during the year. It attained a profit before tax of RM33.9 million, which marked a 49% surge from the 2004 annualised profit before tax.

CHALLENGES AND PROSPECTS

RHB Capital is cognizant of the need to be responsive to the constant tide of change that is altering the face of Malaysia's financial sector. The emergence of investment banks, the removal of foreign exchange controls and the liberalisation of the Islamic banking sector were among major developments in 2005 that had

redefined the boundaries of the financial sector and set a new pace for growth.

RHB Capital has seized the opportunities that the changes have brought to implement new strategies for growth. The Group set a new milestone in history as its Islamic banking window became the first in the country to mature into a full-fledged bank, with the launch of RHB ISLAMIC on 16 March 2005. This bold and unprecedented move marks a new chapter for the Group as it seeks to capture a larger market share in the fast-growing Islamic banking sector. This sector holds great promises with the

Government's push to integrate Islamic banking with the mainstream financial sector and make Malaysia a global Islamic hub. Total assets in Islamic banking is expected to surge to 20% of the total banking system, from 11% currently. With a head start in this area, RHB ISLAMIC is in good stead to tap growth in Islamic banking, backed by its ability to leverage on the synergies and infrastructure within the Group.

RHB Bank took another step toward becoming a complete, one-stop financial services provider by absorbing the Group's finance company business under RHB Delta Finance. The merger, which took effect from 1 January 2006, is part of the efforts to streamline the Group's operations and will further expand RHB Bank's stable of products and services. With usage of Internet banking surging 30% over the year, RHB Bank has introduced new services including online travel service and Initial Public Offering ("IPO") applications and will progressively roll out other packages in 2006. It expects to enhance its credit card business this year by teaming up with consumer electronics retailer, Senheng Electric (KL) Sdn Bhd to launch the RHB Plus One MasterCard in April 2006,

which will increase value for card-holders. At the same time, the launch of the exclusive Visa Infinite Card in January 2005 targeted at affluent, upscale and high net worth customers will boost its consumer banking business further.

RHB Bank raised its profile during the year by signing a protocol with Japan Bank for International Cooperation to be the gateway for a US\$100.0 million infusion of financing for small and medium industries in Malaysia. As part of its expansion in Thailand, RHB Bank joined hands with the Office of the Board of Investment of Thailand to work towards boosting cross-border businesses and investment activities between the two countries. To propel the bank to greater heights, RHB Bank has launched its Strategic Initiative blueprint for growth, which maps out its Vision, Mission and Core Values for the future. It outlines goals and commitment to become the financial Provider of Choice, Employer of Choice and Investment of Choice.

Among other achievements for the Group were the launch of a multi-exchange trading platform allowing clients access to various regional bourses and the establishment of the Dow Jones-RHB Islamic Malaysia Index, which set a new benchmark in tracking Shariah-compliant stocks on Bursa Malaysia Securities Berhad ("Bursa Securities") based on global standards.

The year under review was a success for RHB Capital in many ways. We delivered strong profitability, enhanced the strategic positioning of our core businesses and laid vital foundations for the future by investing in growth areas and realigning our business structure for maximum effectiveness. All these steps are critical to our aim of creating value for our clients, staff and shareholders.

As Malaysia marches through the second phase of its Financial Sector Masterplan, the financial sector will continue to undergo far-reaching changes on the back of a more liberalised and de-regulated environment. There will be new trials and uncertainties with increased foreign participation and rising competition from other non-bank financial institutions and capital markets. An environment of higher interest rates in the country since late 2005 may have repercussions on private consumption and loan growth, further pressuring margins.

RHB Capital however, remained undaunted. We see growth emanating from a robust economy and increased spending under the Ninth Malaysia Plan. In 2006, Malaysia's economy is expected to grow at a faster pace of 6%, from 5.3% in 2005, despite the threat of high global oil prices and inflationary pressure. The growth momentum is expected to be sustained under the Ninth Malaysia Plan, which envisages the economy growing by an average 6% a year until 2010. We anticipate strong growth in the Group's consumer divisions, corporate loans, Islamic banking, automotive financing and treasury corporations. We are moving towards creating an investment bank in 2006 that will be organised to spur new growth. We are rebalancing our portfolio to enhance our consumer banking activities and improve yields. While strengthening our core businesses and consolidating our investment banking operations, RHB Capital will continue to be bold, forceful and dynamic. We will be creative and bring novelty to our product range and services to win over even the most discerning customers and to stay ahead of the competition. At the same time, we will be agile and vigilant to changes in the marketplace. Our growth will not be confined to the home front. We will



move aggressively to tap new opportunities in neighbouring nations to drive our growth goals and catapult the Group into a major regional player.

AWARDS

The Group's ability to provide top quality services to clients and other financial institutions came into the limelight when RHB Bank won accolades at the Asiamoney Annual Awards 2006. RHB Bank was named Best Domestic Provider of FX Services in the Foreign Exchange Poll, an honoured recognition by peer financial institutions. RHB Bank also bagged the same award in the vote conducted among markets. In addition, it was named the third best local cash management bank by Asiamoney. Overall, Rashid Hussain Berhad was acknowledged as Industry Leader in Financial Services in the Malaysia 1000 Award 2005, which grouped the country's top 1,000 companies and businesses.

ACKNOWLEDGEMENTS

Our success and goals will not be possible without a dedicated, driven and pro-active management team. Their skills and abilities to execute growth strategies and navigate through rough periods will help the Group to face future challenges with full confidence. We are proud of all employees in the Group, whose

“Our success and goals will not be possible without a dedicated, driven and pro-active management team. Their skills and abilities to execute growth strategies and navigate through rough periods will help the Group to face future challenges with full confidence.”

unwavering loyalty and resolution to give their best, underpin our successes. Their willingness to walk the extra mile will help the Group to accelerate into higher gear and ensure better-than-expected results. We thank our shareholders for their firm belief in the Group's ability to achieve even-higher growth goals and their support as we manoeuvre through any emerging circumstances in the ever evolving and changing marketplace.

We also wish to thank Bank Negara Malaysia (“BNM”), Bursa Securities and Securities Commission for their cooperation and guidance in enhancing our successful launch of

our Islamic bank and the merger between RHB Delta Finance and its parent bank.

RHB Capital continues to hold high expectations for the future. We are geared for the race in a competitive and liberalised financial industry. Our bedrock remains sturdy. All business divisions in the Group are growing and RHB Capital is on track to become a significant financial services provider in the country. We will harness growth by stepping up the pace of expansion, pursue our drive to boost operational efficiency and maintain stringent control of risks. We will redouble our efforts to produce strong, consistent financial returns for shareholders and deliver higher standards of service for our customers.



Board of Directors
RHB Capital Berhad
3 April 2006

operations review 2005

Malaysia's economy remained on a strong footing in 2005, despite a backlash to world growth on the back of persistently high global oil prices and rising interest rates. Gross domestic product growth slowed to 5.3%, compared to a 7.1% expansion in 2004, in line with global trends. However, consumer and business confidence was sustained at high levels with private consumption surging 9.2% in the

year supported by an increase in job vacancies, rising disposable incomes and accommodative financing conditions. Domestic demand was resilient, growing 7.3% as the economy adjusted to the impact of escalating oil prices. Malaysia's financial sector was characterised by intensified consolidation in 2005, as well as a number of key policy changes targeted at increasing the industry's ability to weather the challenges of globalisation.

RHB Capital rode on the strength of a robust national economy in 2005. For the financial year ended 31 December 2005, RHB Capital achieved a net profit of RM315.8 million on the back of a consolidated profit before INCPS dividends, taxation and zakat of RM689.1 million. During the year, the Group generated a total net interest income of RM1.6 billion, buoyed by increased business volume for loans and advances. This marked a 16%



increase compared to the annualised net interest income for 2004. Its other operating income, which includes fee-income, gains from security sales and gross dividend income, soared to RM782.0 million during the year, up by 22% compared to the annualised figure for 2004. Income from its Islamic Banking business remained strong at RM147.7 million.

The Group's asset quality showed further improvement with greater recovery efforts and stringent credit framework, with the default period of its NPL cut to 3 months in September 2005, from a 6-month classification previously. Net NPL ratio shrank to 5.1%, down from 6.0% as at 31 December 2004 and

way below the banking industry average of 5.8%. RHB Capital's shareholders funds rose to RM4.5 billion, compared to RM4.2 billion as at 31 December 2004. Total asset base grew to RM89.9 billion as at 31 December 2005, up by 10% from RM82.1 billion the previous year. Customers deposits advanced to



RM49.9 billion. Gross loans and advances grew 8% to RM51.0 billion, thanks to intensified efforts to boost consumer and commercial banking. The financing of landed residential property, purchase of transport vehicles and consumption credit now constitute 38% of its portfolio. Lending to the transport, storage and communication sector and for the purchase of transport vehicles led overall growth in gross loans, expanding by 117% and 68% year-on-year respectively. Double-digit increases were also recorded in lending to small and medium enterprises and to individual clients. The Group's net tangible assets per share improved by 9% to RM1.82, while Group's net earnings per share was 17.3 sen. Return on equity was sustained at 7.3%. We are constantly seeking opportunities to cut the cost of the Group's financial commitments by managing our gearing levels to optimise the overall cost of capital, match debt maturities with cash flows and refinance at lower funding rates.

GROUP PERFORMANCE

Among the Group's key subsidiaries, RHB Bank remains the top revenue contributor with an impressive showing despite a challenging marketplace. It posted a profit before INCPS dividends, taxation and zakat of RM478.3 million, representing 69% of the Group's profit for the financial year ended 31 December 2005. Comparatively, this marked a growth of 21% against the annualised profit before INCPS dividends, taxation and zakat of RM594.5 million for the previous before-18-month financial period ended 31 December 2004. The Bank's asset quality improved with its net NPL ratio dropping to 5.2% in December 2005 based on a 3-month default period, compared to 6.3% in December 2004 based on a 6-month classification. RHB Bank remains strongly capitalised, with shareholders' equity and INCPS amounting to RM5.5 billion as at 31 December 2005. Its Risk-Weighted

Capital Adequacy Ratio stood at a comfortable 12.6%, and core capital ratio at 10.6%. During the year, RHB Bank tied-up with Japan Bank for International Cooperation to disburse a US\$100 million loan financing for small and medium industries in Malaysia. It is the first foreign bank to have such an alliance with the Japanese institution, reflecting its growing stature in the international arena. At the same time, RHB Bank continued to grow its credit card business, increasing circulation by 25% to 570,000 cards during the year through numerous offers and innovative contests. RHB AirAsia Credit Card, which surpassed its target of 100,000 cardholders in August 2005, won the Gold Award for Best Chip Card Programme at



the 2005 MasterCard Asia-Pacific Marketing Leadership Awards. As part of its expansion in Thailand where it already has a presence, RHB Bank joined hands with the Office of the Board of Investment of Thailand to explore cross-border business and investment. In an important development to drive future growth, RHB Bank also launched its Strategic Initiative blueprint, which outlined its Vision, Mission and Core Values for the future. It envisages RHB Bank as a one-stop full-fledged financial services provider and maps out its commitment to become the Provider of Choice, Employer of Choice and Investment of Choice.

The Group's Islamic banking business achieved a profit before tax of RM79.9 million, which marked a 5% improvement from the annualised figure in 2004. The transition from an Islamic banking window into a full-fledged Islamic banking institution was completed

with the establishment of RHB ISLAMIC on 16 March 2005, charting a new phase for the Group in a fast-growing market. In October 2005, RHB ISLAMIC opened its first marketing centre in Kota Bharu in an aggressive bid to grow its presence in the East Coast of Peninsular Malaysia. The centre will serve as the launch pad for RHB ISLAMIC to market its products to corporate, commercial and consumer clients in Kelantan and neighboring states, and position the brand in the local market. In the period to 31 December 2005, RHB ISLAMIC recorded a profit before tax of RM60.2 million.

RHB Delta Finance and RHB Leasing continued to chart encouraging growth, with a combined profit before tax of RM63.1 million during the year. As of 1 January 2006, RHB Delta Finance has been absorbed into RHB Bank as part of an industry rationalisation exercise.

On the Group's investment banking operations, RHB Sakura stood tall in the face of a volatile equity market and challenging operating environment. RHB Sakura bolstered its performance during the year under review with a profit before tax of RM101.4 million, which marked a sharp increase of 57% over the annualised profit before tax in 2004. It leveraged on its strengths and franchise value to expand its other operating income to RM147.6 million, up substantially by 120% from the 2004 annualised figure. RHB Sakura successfully arranged issuances totalling RM9.1 billion in the primary debt markets in 2005, with several big-ticket deals. The most outstanding deal for the year was the RM5.9 billion Islamic securities issue for Jimah Energy Ventures Sdn Bhd, which it jointly lead arranged with 3 other banks. This landmark transaction marked several new firsts, not just for the financing of independent power plants but also for project and Islamic financing in general.



The deal has won a number of prestigious local and international awards, including the "Best Project Finance Award (Asia- Pacific) 2005" by Euromoney, "Malaysian Deal of the Year" by the Asset Magazine's Triple A Country Award, "Asia Pacific Bond Deal of the Year" by Project Finance International and "Best Corporate Finance Deal of the Year" by the Edge. Other notable Islamic mandates included a RM2.2 billion Murabahah Medium Term Notes Programme for Putrajaya Holdings Sdn. Bhd., a RM240.0 million Sukuk Ijarah for Sarawak Gateway Sdn Bhd and a RM150.0 million Serial Sukuk Musarakah bonds issue for ASSAR Chemicals Sdn Bhd. During the year, RHB Sakura also widened its market reach by opening new desk offices in Kuching, Johor Bahru and Penang to better serve the needs of its clients in these key marketplaces.

RHB Securities branched out during the year, with a strategic tie-up in Singapore with Phillip Securities Pte Ltd to offer its clients a multi-exchange trading platform with access to markets in Singapore, Hong Kong, Thailand, Japan, United States, United Kingdom and Australia via the Internet. This spells new opportunities for RHB Securities and will help augment its revenues in an increasingly competitive domestic market. RHB Securities also teamed up with Dow Jones Indexes to set a new benchmark by launching the Dow Jones-RHB Islamic Malaysia Index, which tracks

Shariah-compliant stocks on the Bursa Securities based on global standards. The new Index could also be a platform for the Group to launch new Islamic capital products. However, 2005 has also been tough due to a lacklustre stock market and crowded marketplace. RHB Securities chalked up a profit before tax of RM4.5 million, which was 84% lower than its 2004 annualised profit before tax. In the year ahead, RHB Securities plans to strengthen its position in the domestic market as well as in Singapore, through bold and growth-focus activities. It will also continue with its rationalisation exercise to achieve better cost-efficiency.



RHBAM registered a profit before tax of RM4.0 million, with its portfolio widening to RM4.5 billion as at 31 December 2005, up 21% from RM3.7 billion in the previous year.

RHB Unit Trust, meanwhile, recorded a profit before tax of RM2.9 million as sales of its unit trust funds breached the RM800.0 million mark. Its total fund size under management reached RM1.6 billion as at the end of 2005, from RM1.5 billion the previous year. With the liberalisation of foreign exchange

controls in April 2005, the unit trust industry took an exciting new turn toward global and regional funds, offering investors diversification in their portfolio. RHB Unit Trust was among the first few to launch a regional fund, the RHB Dividend Valued Equity Fund ("RHB Diva Fund"), with 70% exposure to Asia-Pacific excluding Japan, and 30% in Malaysia. The fund's performance has been favourable, with a total return of 11.7% for a 3-month period as at 3 February 2006. Among the company's existing

funds, RHB Capital Fund won The Edge-Lipper Malaysian Unit Trust Fund Award for best performing Equity Growth Fund in 2005 for a 10-year performance.

RHB Insurance emerged as the Group's top performing unit with a return on equity of 18.6% for the 2005 financial year, up from 13.6% the previous year. It attained a profit before tax of RM33.9 million, which marked a 49% surge from the 2004 annualised pre-tax profit. During the year, it opened a new branch in Sandakan, Sabah to tap growing



demand for crop and marine insurances, expected to come from some 1,000 plantations in the area. It has launched the eMarine to enable customers to buy marine insurance through the Internet, in addition to its eForeignWorkers, eTravel and eMotor packages. RHB Insurance's main products are in the property and casualty classes, which account for a major portion of the total insurance underwritten by the company.

Overall, RHB Capital has reinvigorated its operations and greatly enhanced efficiencies and synergies through group-wide cross-selling processes and new initiatives. We have shifted from our traditional corporate segment to become a more retail-oriented and progressive looking organisation.

PROSPECTS AND CHALLENGES

The financial landscape in Malaysia is rapidly evolving as the extent of liberalisation unravels. The emergence of investment banks, the removal of foreign exchange controls and the liberalisation of the Islamic banking sector were among major developments in 2005 that would re-shape the industry and set a new pace for growth.

In March 2005, Bank Negara Malaysia ("BNM") announced the framework for the creation of full-fledged investment banks, which would mainly be involved in capital market activities and formed through mergers between merchant banks, stock-broking companies and discount houses. As these financial intermediaries offer similar products

and services, their amalgamation is envisaged to boost efficiency and effectiveness by minimising duplication of resources, leveraging on common infrastructure and tapping the benefits of synergies and economies of scale. RHB Capital views this as a positive evolution and has embarked on a transformation to become an investment bank this year. We believe the rationalisation could create new businesses and at the same time, strengthen the Group's capacity to capitalise on new growth and efficiently marshal resources to meet the challenges of an open market.

Key changes in Malaysia's monetary policy also herald new beginnings for the financial sector. BNM's move to liberalise foreign exchange administration rules in April 2005 has opened up greater flexibility and efficiency in foreign exchange



transactions. In July 2005, Malaysia moved away from a long-standing fixed exchange rate regime of US\$1= RM3.80 to a managed float against a basket of currencies. These changes allowed RHB Bank to once again offer and expand its portfolio of financial services to customers such as the hedging of all types of foreign exchange financial obligatory payables or receivables, for investments or for education abroad.

This was complemented by a series of measures in September 2005 to facilitate the diversification of investments by domestic investors, allowing them to invest in foreign securities listed on foreign

exchanges. RHB Securities has capitalised on this by entering into an alliance with Singapore-based Phillip Securities to offer investors a multi-exchange trading platform via the Internet.

The introduction of the deposit insurance system in September 2005 was another major development that will enhance consumer protection infrastructure and provide incentives for financial institutions to adopt sound financial and business practices. This in turn will boost public confidence in the country's financial system by providing explicit protection of deposits.

The future looks set to hold many opportunities and challenges. Malaysia's economy is projected to expand at a faster pace of 6% in 2006, driven by strengthening exports and buoyant domestic demand. Consumers are expected to benefit from higher income following the projected improvement in the economy and employment conditions, as well as higher primary commodity prices. Domestic demand is seen growing by 5.9% and private spending at 7.4% this year. Higher spending under the Ninth Malaysia



Plan, which aims to sustain the economy's growth by an average 6% a year until 2010, will augment economic expansion. Under the Ninth Malaysia Plan, the financial services sector is expected to grow by an average 7% a year, with its share of GDP increasing to 15.8% by 2010.

However, competition in the financial services industry is expected to intensify as the positive economic environment places increased demands for creative and sophisticated financial products and services to facilitate business growth and create new adjacencies. With the Financial Sector Masterplan already in the second of its three-phase growth, the industry will also see increased foreign participation in a more liberalised and deregulated environment. Locally-incorporated foreign banks ("LiFB") will be allowed to establish up to four additional branches in 2006, giving them greater operational flexibility under the first of a phased approach of branch liberalisation. From next year, these LiFBs will be given access to the MEPS Inter-bank GIRO ATM network, posing further challenges to domestic banks. New challenges also arose in the emerging investment bank landscape as BNM raised the limit of foreign ownership to 49%, compared with 30% for domestic banking groups, which could lead to the entry of new

foreign players. Financial banking institutions will face progressively greater rivalry not just among themselves, but also from other non-bank financial entities and capital markets.

Islamic banking sector is also seeing heightened competition as BNM issued permits to more players. In addition to RHB ISLAMIC, three other new players entered the fray in 2005 including a foreign institution and more are expected to jump on the bandwagon this year.

Another trend that could cause trepidation is the upward turn in the interest rate cycle that could impact on loans growth and pressure margins. BNM raised its Overnight Policy Rate ("OPR") for the first time in seven years in November 2005, and again in February amid rising inflationary pressure. The OPR was increased by a total 55 basis points from 2.7% to 3.25% currently, which led to a corresponding increase in banks' base lending rate and funding costs. At the same time, deposit rates rose but at a slower rate. The ability of households to borrow has not been impaired so far as rates remained relatively low but there are concerns the scenario may change if BNM further raises the OPR to curb inflation, which is expected to climb to as high as 4% this year from 3% in 2005.

The path ahead is strewn with tough challenges but RHB Capital is confident of achieving success by proactively addressing developments that are fundamentally changing the world our customers live in. We will increase investment in technology to enhance our capability to improve customer service as Internet Banking takes on increased importance in a globalised world. We will increase our human capital training and marshal resources to create a leaner and more efficient organisation. We will continue to be retail-oriented and see strong growth flowing from the consumer divisions, corporate loans, Islamic banking, auto financing and treasury corporations sectors. We will also strive to be a market leader in rolling out innovative and attractive products and services to woo over perceptive customers. One such product launched in April 2006 is the RHB PlusOne MasterCard, a joint lifestyle Mastercard with electronics consumer retailer SenHeng to increase the shopping pleasure for our customers. In Islamic banking, we have a pole position and are determined to use this to our advantage. RHB ISLAMIC can expect to tap synergies and utilise existing infrastructure within the Group to emerge among the top three Islamic banks in the country. Government incentives to develop Malaysia into a global Islamic financial hub will also serve as a platform in the future for the Group to explore new ventures and tap markets abroad.

As we strengthen our foundation for domestic growth, building blocks are being put in place to expand regionally. RHB Capital already has franchise operations in Singapore, Thailand and Brunei. We are exploring opportunities to upgrade and secure full banking licenses in these countries to capitalise on ongoing regional integration and economic cooperation. The Group remains open to strategic alliances or investments that will shore up competitiveness and ensure premium shareholders' returns.



RHB Group achievements & awards

1. **Gold Award Best Chip Card Programme for AirAsia Credit Card**
RHB Bank Berhad
2. **Special Award in Recognition of Initiative**
As the First VISA Infinite Card Issuer in Malaysia
RHB Bank Berhad
3. **Best Domestic Providers of FX Services**
As Voted By Malaysia Market
RHB Bank Berhad
4. **Best Domestic Providers of FX Services**
As Voted By Financial Institutions
RHB Bank Berhad
5. **ACM 2005 Best @ Show Award Winner, Best New Service**
RHB Bank Berhad
6. **Standard & Poor's Malaysia Fund Awards 2005** by The Star
RHB Islamic Bond Fund
7. **Best Project Finance Award (Asia-Pacific) 2005** Jimah Energy Ventures Sdn Bhd by Euromoney
RHB Sakura Merchant Bankers Berhad
8. **Malaysian Deal of the Year**
Jimah Energy Ventures Sdn Bhd by the Asset Magazine's Triple A Country Award
RHB Sakura Merchant Bankers Berhad
9. **Asia Pacific Bond Deal of the Year**
Jimah Energy Ventures Sdn Bhd by Project Finance International
RHB Sakura Merchant Bankers Berhad
10. **House of the Year Malaysia 2005** by Asia Risk
RHB Securities Sdn Bhd
11. **Best Corporate Finance Deal of the Year** Jimah Energy Ventures Sdn Bhd by The Edge
RHB Sakura Merchant Bankers Berhad
(not in picture)
12. **Best Local Brokerage (rank 3) & Best in Sales Trading in Malaysia (rank 3)** by Asia Money Brokers Poll 2005
RHB Securities Sdn Bhd
(not in picture)
13. **Best Performing Equity Growth Fund for 2005 for a 10-year Performance** by The Edge-Lipper
RHB Unit Trust Management Berhad
(not in picture)



1		
2	3	4
5	6	7
8	9	10



RHB group

corporate highlights

business activities



1	2	3
4	5	6
7	8	9

- RHB ISLAMIC Bank: Opening of Main Branch**
March 2005, RHB Centre
- RHB Bank: Sponsorship of Singapore Cup**
March 2005
- RHB Sakura: Jimah Energy Ventures Sdn Bhd Signing Ceremony**
April 2005
- RHB Sakura: Pharmaniaga Berhad Signing Ceremony**
May 2005
- RHB Bank: Star Wars Episode III Spend & Win Contest**
May 2005
- RHB Securities: Dow Jones-RHB Islamic Malaysia Index**
June 2005
- RHB Securities: Multi Exchange Trading Platform with Phillip Securities Pte Ltd**
June 2005
- RHB Unit Trust: RHB Dividend Valued Equity Fund (DIVA) Launch**
July 2005
- RHB Sakura: IJN Capital Sdn Bhd Signing Ceremony**
July 2005



1	2	3
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- Rashid Hussain Berhad: Malaysia 1000 Award 2005 - Industry Leader in Financial Services**
August 2005
- RHB Bank: Gold Award Best Chip Card Programme for AirAsia MasterCard Credit Card**
August 2005
- RHB Unit Trust: Third Party Funds Investment Platform**
September 2005
- RHB ISLAMIC Bank: Official Opening of Kota Bharu Marketing Centre, Kelantan**
October 2005
- RHB Securities: 3rd International Islamic Banking & Finance Conference**
November 2005
- RHB Bank: Japan Bank for International Cooperation (JBIC) Signing Ceremony**
December 2005
- RHB Insurance: Official Opening of Sandakan Branch, Sabah**
December 2005

RHB Di Hati



1	1
2	2
3	3

1. **Kota Bharu, Kelantan**
March 2005

2. **Seremban, Negeri Sembilan**
May 2005

3. **Bandar Melaka, Melaka**
June 2005



1	2	
3	3	
3	3	3

1. **RHB Unit Trust: Mudharabah Fund Cleansed Proceeds Distribution**
August 2005

3. **RHB Group Iftar With the Underprivileged**
October 2005

2. **Merdeka Celebrations, RHB Centre**
August 2005

corporate governance statement

INTRODUCTION

The Board of Directors ('Board') of RHB Capital is pleased to report on the application by the Group of the principles contained in the Malaysian Code on Corporate Governance ('Code') and the extent of compliance with the best practices of the Code as required under the Listing Requirements ('LR') of Bursa Malaysia Securities Berhad ('Bursa Securities').

BOARD OF DIRECTORS

Board Responsibility

The Board subscribes to the principles of good corporate governance and as such, will always ensure that the Company and the Group achieve best practice in the conduct of the Company's and of the Group's business and operational activities. An indication of the Board's commitment is reflected in the conduct of regular Board meetings by the Company and the incorporation of various processes and systems to achieve a risk awareness culture as well as the establishment of relevant Board Committees and Management Committees at the Company and its principal operating subsidiaries.

Composition of the Board

The Board currently comprise of six (6) members, of whom two (2) being Independent Non-Executive Directors and four (4) Non-Independent Non-Executive Directors. This composition is in line with the LR of Bursa Securities which requires two (2) or one-third (1/3), whichever is higher, of the Board members to be

Independent Directors to fairly reflect the interest of the minority shareholders. The Board had on 16 March 2006 appointed Mr Lew Foon Keong as the Senior Independent Director to whom relevant concerns pertaining to the Company may be conveyed.

The Directors bring together a wide range of business management skills as well as banking and financial experience required for the management of a large, diversified and expanding Group. All Board members participate fully in the deliberation and decision-making process on the key issues involving the Group.

In the principal operating subsidiaries, there are clear division of responsibilities between the Chairman and the Managing Director/Chief Executive Officer to ensure the balance of power and authority. At the Company level, an Executive Committee has been established in the interim to ensure the continuity of the day-to-day operations of the Company and the Group, with the assistance of the senior management team of the Company. With the guidance of the

Executive Committee, the senior management team of the Company ensures that the strategies are fully discussed and examined, and taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of the Independent Non-Executive Directors, each Director nevertheless brings an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorised by the Board of Directors. As such, no individual or a group of individuals dominate the decision-making process. This enables the Board to effectively discharge its principal responsibilities as set out in the Code.

The profile of each Director is presented on page 9 to page 11 of the Annual Report.

Board Meetings

The Board meets on a scheduled basis at least once a month with special meetings held when urgent issues and important decisions are required to be taken between the scheduled meetings.

The Board met sixteen (16) times during the financial year. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings are as set out below:

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
YBhg Dato Sri Sulaiman Abdul Rahman Taib	14/14@	100
YBhg Datuk Azlan Zainol ¹	4/5*	80
Encik Vaseehar Hassan Abdul Razack	16/16	100
YBhg Dato' Mohd Salleh Hj Harun	15/16	94
Encik Johari Abdul Muid ²	10/10*	100
Mr Lew Foon Keong ³	5/7*	71

Notes:

1 Appointed on 27 July 2005

2 Appointed on 1 April 2005

3 Appointed on 1 June 2005

@ YBhg Dato Sri Sulaiman Abdul Rahman Taib has temporarily ceased to be a Director/Executive Chairman of the Company upon the expiry of his 2-year term of office, as approved by Bank Negara Malaysia, on 7 May 2005. During the period until the granting of approval for his re-appointment as Director of the Company, two (2) Board Meetings had been held. In view thereof, only fourteen (14) meetings were attended by YBhg Dato Sri Sulaiman Abdul Rahman Taib during the financial year.

* Based on the number of Board meetings held since their respective date of appointments to the Board.

All Directors have complied with the minimum 50% attendance requirement at Board meetings during the financial year as stipulated by the LR of Bursa Securities.

Scheduled Board meetings are structured with a pre-set agenda. The Board's principal focus is the overall strategic direction, financial and corporate developments of the Group. Minutes of meetings of the various committees within the Group are tabled to the Board for notation. Key matters such as the Group's business strategy and budget, Group's annual interim results,

material contracts, major capital expenditure and investor relations programmes are reserved for the Board's decision. Agenda and Board papers are circulated to the Board prior to the Board meetings so as to give Directors time to consider and deliberate on the issues to be raised at the Board meetings. The Directors have full access to the senior management of the Group and the advice and services of the Company Secretary.

In addition, the Directors may also seek independent professional advice, at the Company's expense, if required.

Directors' Training

All Directors have attended the required Mandatory Accreditation Programme within the stipulated timeframe. The Directors also attend training programmes and seminars to keep abreast with relevant developments in the business environment as well as new regulatory requirements on a continuous basis in compliance with Paragraph 15.09 of the LR of Bursa Securities. To encourage Directors' continuous training, the Group had also conducted 2 sessions of Directors' Training Programmes, which consist of a one-day session

corporate governance statement

each during the financial year. The topics presented at the training programmes are wide-ranging and provide the Directors with current updates on various businesses, management and legal issues appropriate to further enhance their knowledge and skills.

Appointment of Directors

The Nominating Committee assists the Board in discharging its duties and responsibilities in relation to the appointment of new directors. The Nominating Committee has written terms of reference requiring it to identify and select candidates in connection with any proposed new appointment of Directors and makes recommendations to the Board on such appointments. In identifying and selecting the candidates, the Nominating Committee gives due consideration to the mix of expertise and experience required for an effective Board.

Board Committees

Audit Committee

The Audit Committee of the Board has been in place since 17 January 1995 and also serves as the Audit Committee of RHB Insurance Berhad ('RHB Insurance') until 30 March 2005, after which RHB Insurance had its own Audit Committee as per Bank Negara Malaysia's Guidelines. Each of the principal operating subsidiaries of the Group, namely RHB Bank Berhad ('RHB Bank'), RHB Islamic Bank Berhad ('RHB Islamic'), RHB Sakura Merchant Bankers Berhad ('RHB Sakura') and RHB

Securities Sdn Bhd have separate Audit Committees of the Board. All Audit Committees in the Group hold regular meetings to deliberate on findings by both the internal and external auditors and discharge their duties and responsibilities as spelt out in the Terms of Reference.

The Audit Committee presently comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Audit Committee meets regularly with the internal auditors and whenever deemed necessary, together with the senior management of the respective companies in the Group and the external auditors to review the Company's and the Group's financial reporting, the nature, scope and results of audit reviews and the effectiveness of the system of internal controls. During the financial year, a total of four (4) Audit Committee meetings were held.

The Audit Committee also meets at least once a year with the external auditors without the presence of Group Management.

The terms of reference and the activities of the Audit Committee during the financial year are set out in the Audit Committee Report on page 43 to page 46 of this Annual Report.

Nominating Committee

Apart from identifying and selecting candidates for new appointment, the Nominating Committee is also responsible for assessing the effectiveness of individual Directors,

Board as a whole and the various committees of the Board, the chief executive officers and key senior management officers of the respective companies in the Group. The Nominating Committee reviews annually the required mix of skills, experience and other qualities including core competencies which directors should bring to the Board and which the Board requires for it to function completely and efficiently. The committee also serves as the Nominating Committee of RHB Insurance since July 2002.

The Boards of RHB Bank, RHB Islamic and RHB Sakura have also formed their respective Nominating Committees. These Nominating Committees have also been actively involved in identifying and selecting the Chief Executive Officers of the relevant subsidiaries for recommendation to the respective Boards for approval. In addition, the Company has adopted a Board Assessment Framework methodology for its Board, Board Committees and the individual directors, in line with the Corporate Governance Standards.

The Nominating Committee of the Company presently comprises two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Director.

The salient terms of reference of the Nominating Committee are as follows:-

- To establish a documented, formal and transparent procedure for the appointment of directors, chief executive officers and key senior

management officers, and to assess the effectiveness of directors, the board as a whole and the various committees of the board, the chief executive officers and key senior management officers of RHB Capital Group;

- To assist the Board in ensuring that appointments are made on merit against an agreed specification;
- To assist the Board in identifying and reviewing, on an annual basis, the required mix of skills, experience and other qualities, including core competencies which directors should bring to the Board and which the Board requires for it to function completely and efficiently;
- To examine the size of the Board with a view of determining the impact of the number upon its effectiveness.

Remuneration and Human Resource Committee

The Remuneration and Human Resource Committee assists the Board in ensuring that the executive directors and senior management of the Company and its direct subsidiary companies are fairly rewarded for their individual contributions to the Group's overall performance and the levels of the remuneration are sufficient to attract and retain the best executive directors and senior management to manage the Group successfully. The committee also serves as the Remuneration and Human Resource Committee of RHB Insurance since July 2002.

The Boards of RHB Bank, RHB Islamic, RHB Sakura and RHB Insurance are also assisted by their respective Remuneration and Human Resource Committees to evaluate the performance and remuneration of the executive directors and senior management and to recommend on the policies and framework in relation to rewards and benefits.

The Remuneration and Human Resource Committee of the Company presently comprises one (1) Independent Non-Executive Director and two (2) Non-Independent Non-Executive Directors.

The salient terms of reference of the Remuneration and Human Resource Committee are as follows:-

- To provide a formal and transparent procedure for developing a remuneration policy for directors, chief executive officers and key senior management officers of RHB Capital Group and ensuring that their compensation is competitive and consistent with the Group's culture, objectives and strategy;
- To recommend to the Board on the policies, strategies and framework for the RHB Capital Group in relation to staff remuneration, rewards and benefits; and
- To oversee and review the scope and quality of human resource projects/programmes of the RHB Capital Group.

Risk Management Committee

The Risk Management Committee was established on 23 March 2005. The committee assists the Board in ensuring the risk management process of the Group is in place and functioning on a consolidated basis. The risk management framework is set up in page 41 of the Annual Report.

The Group's subsidiaries, namely, RHB Bank, RHB Sakura, RHB Islamic and RHB Insurance, have established their respective Risk Management Committees to further strengthen the risk management process within the respective subsidiaries. These committees, which report to their respective Boards, meet regularly to oversee the development of general risk policies and procedures, and monitor and evaluate the numerous risks that may arise from their respective business activities.

The committee met once during the financial year. The salient terms of reference of the Risk Management Committee are as follows:-

- Identifying and monitoring the key risks of the RHB Capital Group and evaluating their management;
- Ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, e.g. market, operational, liquidity, credit, regulatory, reputational, legal and strategic risk;

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- Ensuring a forum for “big-picture” analysis of future risks including considering trends and evaluating performances of subsidiaries using a risk-based performance management framework;
- Critically assessing the RHB Capital Group’s business strategies and plans from a risk-based and enterprise-wide perspective;
- Helping to convey the Board’s risk philosophy to the subsidiaries, i.e. to transact and maintain exposures in financial products and markets only when all significant risks have been adequately identified, measured, evaluated and then subsequently managed so that the risk-reward relationship always remains within parameters acceptable to the RHB Capital Group Executive Committee and the Board; and
- Discharging its risk management responsibilities through a formalised ERM framework, established for identifying, measuring, managing, reporting and monitoring all categories of business risk across the group.

Executive Committee

The Executive Committee of the Company was established in September 2005 to ensure the continuity of the day-to-day operations of the Company and the

Group. Currently, the Executive Committee comprises two (2) Non-Independent Non-Executive Directors.

The members of the above respective Board Committees of the Company are set out on page 6 of the Annual Report.

Group Shariah Committee

Apart from the above Board Committees, the RHB Group has also established its Group Shariah Committee comprising of four qualified local and foreign Shariah Professionals to act as the advisor for the RHB Group. The current composition of the Group Shariah Committee is as follows:-

- Professor Dr Hj Abdul Samat Musa (Chairman)
- Dr Ahmed Mohieddin Ahmed
- Associate Professor Dr Joni Tamkin Borhan
- Professor Dr Mohd Ma’sum Billah

The main roles and responsibilities of the Group Shariah Committee are as follows:-

- Advise the RHB Group on all Shariah matters in order to ensure that the business operations of the RHB Group comply with Shariah principles;
- Endorse the relevant Manual(s) which must specify the manner in which a submission or request for advice be made to

the Group Shariah Committee, the conduct of the Group Shariah Committee’s meeting and the manner of compliance with any decision thereof;

- Endorse and validate the following relevant documentation:-
 - the terms and conditions contained in the proposal form, contract, agreement or other legal documentation used in executing the transactions; and
 - the product manual, marketing advertisements, sales illustrations and brochures used to describe the product;
- Provide assistance to related parties of the RHB Group such as legal counsel, auditor or consultant on Shariah matters to ensure compliance with Shariah principles;
- Advise the RHB Group to consult the Shariah Advisory Council of Bank Negara Malaysia as well as that of the Securities Commission, where relevant, on any Shariah matters, which have not been resolved or endorsed by the said Shariah Advisory Council;
- Prepare written Shariah opinions particularly in the following circumstances:-

- (a) where the RHB Group make reference to the Shariah Advisory Council for advices; or
- (b) where the RHB Group submits applications to Bank Negara Malaysia or Securities Commission for new product approval in accordance with guidelines on product approval issued by Bank Negara Malaysia and Securities Commission; and

- Explain on the Shariah issues involved and the recommendations for a decision which must be supported by relevant Shariah jurisprudential literature from the established sources, to assist the Shariah Advisory Council on any matters referred by the RHB Group and to ensure that all Shariah Advisory Council's decisions are properly implemented by the RHB Group.

Re-Election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office at each Annual General Meeting, subject to the retirement of all Directors at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Group to attract and retain the Directors with the relevant experience and expertise needed to assist in managing the Group effectively. In the case of Executive Directors of the Group, their remuneration are structured to link rewards to corporate and individual performance. For the Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned in the Company and in the Group.

Being an investment holding company, all Non-Executive Directors receive fees from the Company for their services rendered which are approved at the Annual General Meeting by the shareholders before payment is made.

Directors' remuneration includes salaries, bonuses, benefits-in-kind, Directors' fees, Board committee allowances and meeting attendance allowances. The Directors' fees are subject to shareholders' approval at the Annual General Meeting before payment is made.

The aggregate remuneration paid to Directors of the Company comprising remuneration received from the Company and the subsidiaries of the Company during the year, analysed into the following bands are as follows:-

Aggregate remuneration

Number of Directors

Current Directors

RM100,001 – RM150,000	3
RM450,001 – RM500,000	2
RM3,050,001 – RM3,100,000	1*

Directors who had retired/ceased

RM200,001 – RM250,000	1
RM900,001 – RM950,000	1

Note:

* Former Executive Director – Remuneration (including incentive payment) is based on his Service Contract with RHB Capital Berhad.

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, Item 10 of the LR of Bursa Securities.

Investor Relations and Shareholder Communication

The RHB Group continued to maintain close and cordial relationships with the investing community as well as the media in line with its policy of keeping open all lines of communication with investors and shareholders.

Shareholders and customers were kept informed of all activities within the group – from new product launches to periodical financial performance – through the media. Significant events during the year that received wide publicity included the launching of RHB Islamic in

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March; the RHB DiHati Roadshow in Kelantan in March, Negri Sembilan in May and Melaka in June; the launching of RHB Securities Sdn Bhd's Multi-Exchange Trading Platform as well as the Dow Jones-RHB Islamic Malaysia Index in June.

RHB Bank received wide media coverage for its various initiatives during the year. In January, it launched the Visa Infinite card, making it the first financial institution to offer the most exclusive credit card ever. It followed this up with a contest to encourage deposits, a series of Spend & Win contests as well as the Gr8 Contest, also to encourage people to save with RHB Bank.

Meanwhile, RHB Islamic opened its first outlet in Kota Bharu, while RHB Unit Trust Management Berhad launched a new fund to invest in the Asian markets. All these received wide coverage in the media.

Also in the news were the various corporate deals arranged by RHB Sakura, such as the RM160 million PDS facility for Priceworth Wood Products Bhd, and the RM100 million Islamic financing for Pharmaniaga. Wide coverage was also given to the many initiatives by RHB Bank, such as the Gr8 Deposit Contest, and sponsorship of the Singapore Cup soccer league.

In line with regulatory requirements, quarterly results of the group's financial performance were extended to Bursa Securities and then communicated to the public through the newspapers.

To keep the investing community informed as well as to respond to their queries, the Group Corporate Communications arranged briefings for analysts and fund managers as well as meetings with senior executives from the group on a regular basis. A briefing on the financial performance for the six-month period to 30 June 2005 was held for analysts and fund managers on 30 August 2005. A similar briefing on the full year results was held on 28 February 2006.

In the intervening period, more than 10 informal meetings were held with analysts and fund managers, either in small groups or on an individual basis. They included analysts or fund managers representing investors or funds based in Singapore, Hong Kong and New York.

To keep shareholders and the public informed of the financial results, press releases were issued every quarter through the Group Corporate Communications Division. These press releases and financial statements were also posted on the RHB Group's website.

Apart from keepings its lines of communication open at all times to enable investors and customers to make enquiries or file complaints, shareholders also have the annual general meeting as a forum to present their views and obtain feedback from the RHB Group. At the annual general meeting, the Board of Directors presented the group's business performance. This was followed by a question and answer session during which shareholders were encouraged to

participate by making enquiries or presenting their views. Directors, the Chairman of the Audit Committee as well as external auditors were available to respond to shareholders' questions during the annual general meeting.

Accountability and Audit

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinising the information to be disclosed, to ensure accuracy and adequacy. A Statement by Directors of their responsibilities in preparing the financial statements is set out on page 47 of this Annual Report.

Internal Control

The Statement on Internal Control set out on page 41 to page 42 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board maintains a formal and transparent professional relationship with the auditors, through the Audit Committee. The role of the Audit Committee in relation to the internal and external auditors is described in the Audit Committee Report set out on page 43 to page 46 of this Annual Report.

internal control statement

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their internal controls. The guidelines for directors on internal control, the *Statement on Internal Control : Guidance for Directors of Public Listed Companies* ("Guidance") provides guidance for compliance with these requirements.

Set out below is the Board of Directors' ("Board") Internal Control Statement, which has been prepared in accordance with the Guidance.

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of maintaining a sound system of internal controls and risk management practices as well as good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, directives and guidelines.

The system of internal controls involves each key operating company in the Group and its management, including the Board, and is designed to meet the Group's business objectives and to manage the risks to which it is exposed. The Board acknowledges that risks cannot be completely eliminated. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating, managing and reporting on the significant risks that may affect the achievement of its business objectives throughout the financial year under review and up to the date of this report. This process is regularly reviewed by the Board to ensure proper management of risks and appropriate measures are timely taken to mitigate any identified weaknesses in the control environment.

To further strengthen the risk management process, Risk Management Committees have been established at group level and at the operating subsidiaries, namely RHB Bank Berhad, RHB Islamic Bank Berhad, RHB Sakura Merchant Bankers Berhad and RHB Insurance Berhad. These committees, which report to their respective Boards, meet regularly to oversee the development of general risk policies and procedures, and monitor and evaluate the numerous risks that may arise from their respective companies' business activities.

Risk Management Units have also been established at these subsidiaries to assist their respective Risk Management Committees in discharging their duties.

Amongst the other committees set up at major subsidiaries in the Group to manage specific areas of risk are the Asset & Liability Committee, the Underwriting and Credit Committee, Loan Committee, IT Steering Committee and Basel II Steering Committee.

The Group Chief Risk Officer is in the process of developing a group-wide Enterprise Risk Management Framework that would ensure the Group has a consistent and acceptable approach to the management and monitoring of risk across all business units.

CONTROL SELF-ASSESSMENT PROCESS

One of the key elements of the Group's internal control system is its Control Self-Assessment ("CSA") process which covers all key operating companies in the Group. These companies are required to continuously identify as well as document the controls and processes for managing the risks arising from their business activities, and assess their effectiveness.

The Audit Committee regularly reviews the CSA process being implemented at the key operating companies as well as the results of review by the internal auditors on the CSA activities undertaken by these companies.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control system which have been reviewed by the Board are described below:-

- The management of the various companies in the Group is delegated to the respective Chief Executive Officers and/or Chief Operating Officer, and Management Committee, whose responsibilities and authority limits are set by the respective Boards. Appointment of such officers at the companies concerned requires the approval of their respective Boards and relevant regulatory authorities, where applicable;
- Specific responsibilities have been delegated to the relevant Board committees, all of which have written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the entire Board;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility;
- Policies and procedures manuals for key processes are documented and regularly updated for application across the Group. These are supplemented by operating standards set by the individual company, as required for the type of business or geographical location of each company;
- To enhance the overall compliance framework of the Group, compliance function is also established at group level in addition to the Compliance Units set up at the operating subsidiaries. The Group Compliance Unit reports the Group's state of compliance with the laws, regulations, policies and procedures, and internal codes to the Board on a quarterly basis;
- There is clear procedure for investment appraisal including capital expenditure;
- There are proper guidelines for hiring and termination of staff, training programmes for staff, annual performance appraisal and other relevant procedures in place to achieve the objective of ensuring staff are competent to carry out their responsibilities;
- Regular and comprehensive information is provided to management for monitoring of performance against the strategic plan approved by the Board, covering all key financial and operational indicators;
- A detailed budgeting process is established requiring all key operating companies in the Group to prepare budgets annually which are discussed and approved by the Board. Effective reporting system on actual performance against approved budgets is in place and significant variances are followed up by management and reported at the Board;
- Ongoing reviews of the internal control system are carried out by the internal auditors. Results of such reviews are reported to the Audit Committee. The work of the internal auditors is focused on areas of priority as identified by risk analysis and in accordance with the annual internal audit plans approved by the Audit Committee. The head of internal audit function reports to the Audit Committee; and
- The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement by both the internal and external auditors as well as Bank Negara Malaysia examiners on the state of the internal control system. The minutes of the Audit Committee meetings are tabled to the Board.

audit committee report

ACTIVITIES OF THE AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2005 ("year"), a total of 4 Audit Committee ("Committee") meetings were held. The Committee comprises the following members and details of attendance of each member at the Committee meetings held during the year are as follows :-

Composition Of The Committee	No. Of Meetings Attended Whilst In Office
Mr. Lew Foon Keong - appointed on 26/8/2005 (Chairman / Senior Independent Non-Executive Director)	1 out of 1 meeting
YBhg. Dato' Mohd Salleh Hj Harun (Member / Independent Non-Executive Director)	4 out of 4 meetings
YBhg. Datuk Azlan Zainol - appointed on 26/8/2005 (Member / Non-Independent Non-Executive Director)	0 out of 1 meeting
Mr. Lim Cheng Yeow - retired on 28/4/2005 (Chairman / Independent Non-Executive Director)	3 out of 3 meetings
Encik Vaseehar Hassan Abdul Razack - resigned on 26/8/2005 (Member / Non-Independent Non-Executive Director)	3 out of 3 meetings

On 26 August 2005, Mr Lew Foon Keong and YBhg Datuk Azlan Zainol were appointed as the Chairman and member of the Committee respectively in place of Mr Lim Cheng Yeow who had retired as the Committee Chairman on 28 April 2005 and Encik Vaseehar Hassan Abdul Razack who had resigned as the Committee member on 26 August 2005.

The Committee's activities are concentrated at RHB Capital Berhad and its direct subsidiaries, excluding RHB Bank Berhad, RHB Islamic Bank

Berhad, RHB Insurance Berhad, RHB Sakura Merchant Bankers Berhad and RHB Securities Sdn Bhd which have separate audit committees. The main activities undertaken by the Committee during the year are as follows:-

- Reviewed the quarterly unaudited results and the annual audited financial statements of the Company and the Group as well as the appropriate announcements to Bursa Malaysia Securities Berhad before recommending them for the approval of the Board;

- Reviewed the related party transactions ("RPTs") and the adequacy of the Group's procedures for monitoring and reviewing of RPTs;
- Reviewed with the external auditors, their audit plan, audit strategy and scope of work for the year, their fees as well as the findings emanating from their annual audit. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval;
- Reviewed and approved the scope and adequacy of the internal audit plans, including resource needs;
- Reviewed the status of completion of the internal audit plan, the internal audit reports, audit recommendations made and management's response to these recommendations, and actions taken to improve the system of internal control and procedures;
- Reviewed the control self-assessment ("CSA") exercise implemented at principal operating companies in the Group and the results of the

review by the internal auditors on the CSA activities undertaken by each principal operating company concerned;

- Reviewed the minutes of meetings of other audit committees in the Group to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom have been appropriately addressed by such other audit committees;
- Tabled the minutes of each Committee meeting to the Board for notation, and for further direction by the Board, where necessary; and
- Also performed the role of the Audit Committee of RHB Insurance Berhad prior to the establishment of its own Committee on 24 February 2005.

INTERNAL AUDIT FUNCTION

The internal audit function is guided by its Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

The internal auditors adopt a risk-based approach towards the planning and conduct of audits which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The CSA exercise rolled out by the internal auditors during the year for implementation throughout the principal operating companies in the Group, is in alignment with the practice of generating an embedded risk management capability and acceptable risk culture.

Upon completion of the audits, the internal auditors have closely monitored the implementation progress of their audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by the management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the management and the Committee.

The internal auditors work closely with the external auditors to resolve any control issues as raised by them to ensure that significant issues are duly acted upon by the management.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

1. To assist the Board discharge its responsibilities by reviewing the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

2. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process.
3. To provide, by way of regular meetings, a line of communication between the Board and the external auditors.
4. To provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is independent of the management.
5. To review the quality of the audits conducted by the internal and external auditors of the Company.
6. To enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

Duties and Responsibilities

1. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published.

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| <p>2. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.</p> <p>3. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.</p> <p>4. To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.</p> <p>5. To review the internal audit plan and processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.</p> <p>6. To appraise the performance of the head of internal audit and to review the appraisals of senior staff members of the internal audit function.</p> <p>7. To approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary.</p> | <p>8. To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.</p> <p>9. To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.</p> <p>10. To discuss and review with the external auditors any proposal from them to resign as auditors.</p> <p>11. To review the co-ordination of the audit approach where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.</p> <p>12. To review the minutes of meetings of other audit committees within the Group and be satisfied that all matters arising therefrom are being appropriately addressed by these other audit committees.</p> <p>13. To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.</p> <p>14. To perform any other functions as authorised by the Board.</p> | <p>Authority</p> <p>1. The Committee is authorised by the Board to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.</p> <p>2. The Committee shall have direct communication channels with the external and internal auditors.</p> <p>3. The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.</p> <p>4. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Committee shall promptly report such matter to Bursa Securities.</p> <p>5. So long as it is permitted by the relevant authorities, the Audit Committee of RHB Capital Berhad shall serve as the Audit Committee of RHB Insurance Berhad which is required by regulation to have an independent audit committee.</p> |
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Meetings

1. Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be independent non-executive directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
2. The head of internal audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the chief financial officer, any other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.
3. At least once a year, the Committee shall meet with the external auditors without any executive Board member present and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the Board or shareholders.
4. The Company Secretary shall be the Secretary of the Committee.
5. The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

Membership

1. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, the majority of whom are independent non-executive directors.
2. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.
3. No alternate director shall be appointed as a member of the Committee.
4. At least one member of the Committee:-
 - (i) shall be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he shall have at least three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed by Bursa Securities.

5. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.
6. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

responsibility statement

by the board of directors

In the course of preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with the Malaysian Accounting Standards Board approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines, the provisions of the Companies Act, 1965 and Listing Requirements of the Bursa Securities Malaysia Berhad.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Company present a true and fair view of the state of affairs of the Group and of the Company as of the end of the financial year and the results and cash flows for the financial year ended 31 December 2005.

The Directors have applied the appropriate and relevant accounting policies on a consistent basis and made judgments and estimates that are reasonable and fair in preparing the financial statements of the Group and of the Company.

The financial statements are prepared on the going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the presentation of the financial statements with reasonable accuracy.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group and of the Company to be properly safeguarded for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 153 of the Annual Report.

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directors' report

The directors submit herewith their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is involved in commercial banking, Islamic banking, merchant banking, finance company business, leasing, offshore banking, offshore trust services, stockbroking and other securities related business, general insurance, unit trust management, asset management and nominee and custodian services.

There have been no significant changes in these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends, taxation and zakat	689,096	257,621
INCPS dividends	(110,447)	–
Profit after INCPS dividends and before taxation and zakat	578,649	257,621
Taxation and zakat	(146,001)	(87,899)
Profit after INCPS dividends, taxation and zakat	432,648	169,722
Minority interests	(116,870)	–
Net profit for the financial year	315,778	169,722

DIVIDENDS

The dividends paid by the Company since 31 December 2004 were as follows:

	RM'000
In respect of the financial year ended 31 December 2005: First interim dividend of 3.5% less 28% tax paid on 17 June 2005	45,952

The directors do not recommend any payment of final dividend for the financial year ended 31 December 2005.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

directors' report (continued)

ISSUE OF SHARES

There were no issue of shares in the Company during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that proper actions have been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHOD

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year other than in the normal course of business.

No contingent or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

directors' report (continued)

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading or inappropriate.

ITEMS OF AN UNUSUAL NATURE

The results of the Group and the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 48 to the financial statements.

DIRECTORS

The directors of the Company in office since the date of the last report are:

Dato Sri Sulaiman Abdul Rahman Taib	
Datuk Azlan Zainol	(appointed on 27 July 2005)
Vaseehar Hassan Abdul Razack	
Dato' Mohd Salleh Hj Harun	
Johari Abdul Muid	(appointed on 1 April 2005)
Lew Foon Keong	(appointed on 1 June 2005)
Lim Cheng Yeow	(retired on 28 April 2005)
Akira Miyama	(ceased on 8 August 2005)

Pursuant to Article 80 of the Company's Articles of Association, Vaseehar Hassan Abdul Razack retires at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

Pursuant to Article 84 of the Company's Articles of Association, Lew Foon Keong and Datuk Azlan Zainol retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-election.

directors' report (continued)

DIRECTORS' INTERESTS IN SECURITIES

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in the securities of the Company and its related corporations were as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.2005	Bought/ Converted	Sold	As at 31.12.2005
The Company				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ¹	1,182,896,459	–	–	1,182,896,459
Vaseehar Hassan Abdul Razack – indirect ¹	1,182,896,459	–	–	1,182,896,459
Dato' Mohd Salleh Hj Harun – direct	15,000	–	–	15,000
Holding company Rashid Hussain Berhad ('RHB')				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	238,127,000	–	–	238,127,000
Vaseehar Hassan Abdul Razack – indirect ²	238,127,000	–	–	238,127,000
	Number of Warrants 2001/2007			As at
	As at 1.1.2005	Bought	Sold/ Converted	31.12.2005
Holding company RHB				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	8,000,000	–	–	8,000,000
Vaseehar Hassan Abdul Razack – indirect ²	8,000,000	–	–	8,000,000

Each warrant of RHB ('Warrants 2001/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in RHB at any time from the date of issue on 4 April 2001 at an exercise price of RM1.90 per share. The exercise price is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll executed on 13 February 2001. Pursuant to a Supplemental Deed Poll dated 20 March 2002, the exercise period of the Warrants 2001/2002 has been extended by five (5) years to expire on 24 March 2007 and the Warrants 2001/2002 are now known as Warrants 2001/2007.

directors' report (continued)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

Holding company	Number of Call Warrants 2003/2007			As at 31.12.2005
	As at 1.1.2005	Bought	Sold/ Converted	
RHB				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	–	92,461,730	–	92,461,730

Each call warrant ('Call Warrants 2003/2007') holder is entitled to purchase from RHB one existing ordinary share of RM1.00 each of the Company held by RHB at an exercise price of RM2.96 per share. The exercise price of the Call Warrants 2003/2007 is subject to adjustments in accordance with the provisions of the Trust Deed executed on 21 February 2003. The exercise period of the Call Warrants 2003/2007 commenced on 23 April 2003, being the sixty-first (61st) day after the date of issue of the Call Warrants 2003/2007 and shall end on the expiration date of 15 June 2007.

Holding company	Nominal Amount (RM) of 2002/2012 0.5% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value (‘RHB ICULS-A’)			As at 31.12.2005
	As at 1.1.2005	Bought	Sold/ Converted	
RHB				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	449,206,479	–	–	449,206,479
Vaseehar Hassan Abdul Razack – indirect ²	449,206,479	–	–	449,206,479

The RHB ICULS-A entitle the registered holders to convert their RHB ICULS-A into new ordinary shares of RM1.00 each in RHB ('New Shares') at the conversion price of RM1.00 per New Share ('Conversion Price') at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-A dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-A which equal to the Conversion Price.

Holding company	Nominal Amount (RM) of 2002/2012 3.0% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value (‘RHB ICULS-B’)			As at 31.12.2005
	As at 1.1.2005	Bought	Sold/ Converted	
RHB				
Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	403,471,898	–	–	403,471,898
Vaseehar Hassan Abdul Razack – indirect ²	403,471,898	–	–	403,471,898

directors' report (continued)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

The RHB ICULS-B entitle the registered holders to convert their RHB ICULS-B into new ordinary shares of RM1.00 each in RHB ('New Shares') at the conversion price of RM1.13 per New Share ('Conversion Price') at any time within a period of ten (10) years from the date of issue on 24 December 2002 in accordance with the Trust Deed constituting the RHB ICULS-B dated 24 December 2002. The Conversion Price shall be satisfied by surrendering for conversion into New Shares such nominal value of RHB ICULS-B which equal to the Conversion Price or a combination of such nominal value of RHB ICULS-B and cash which aggregates to the Conversion Price, provided that at least RM1.00 nominal value of RHB ICULS-B is surrendered for conversion into one (1) New Share.

Notes:

- 1 Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in the holding company, RHB.
- 2 Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Utama Banking Group Berhad.

By virtue of their indirect substantial interests in the shares of RHB, Dato Sri Sulaiman Abdul Rahman Taib and Vaseehar Hassan Abdul Razack are also deemed to have an indirect substantial interest in the securities of the subsidiaries of RHB to the extent RHB has an interest.

Other than the above, none of the other directors holding office at the end of the financial year had any interest in the securities of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than directors' remuneration and benefits-in-kind disclosed in Notes 33 and 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest (other than those disclosed in Note 44 to the financial statements).

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, being arrangements with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING AND ULTIMATE HOLDING COMPANY

The holding and ultimate holding company is RHB, a company incorporated in Malaysia.

directors' report (continued)

BUSINESS STRATEGY FOR THE CURRENT FINANCIAL YEAR

Going forward, the financial services sector faces new challenges from new Islamic banks and investment banks. The Group itself is rationalising its businesses in merchant banking, securities and futures broking to create an investment bank. This will strengthen the Group's infrastructure and multiple financial services platform to meet increasingly open competition in the form of a liberalised financial services sector, which include new entrants and established foreign institutions.

Amidst this challenging landscape, the Group will continue to concentrate on its core activities. In banking, the Group will intensify its focus on product innovation and customer segmentation to better serve customer needs. With the merger of RHB Bank Berhad ('RHB Bank') and RHB Delta Finance Berhad ('RHB Delta Finance'), the banking group will realign its delivery network and reposition itself based on market opportunities and customer segments. The banking group will also continue its program to enhance its IT platform to provide firm support for business requirements including system availability, flexibility and scalability. This will also cover critical aspects of risk management as it strives to comply with Basel II's Standardised Approach by the year 2007.

OUTLOOK FOR 2006

The Malaysian economy, after growing at an estimated 5.3% in 2005, is projected to grow at 6.0%, driven by private sector and household consumption, an expected increase in oil and gas production and significant contribution from the manufacturing and services sector.

Overall, the banking sector is expected to remain favourable with opportunities for growth and improving asset quality. The changes in the industry's landscape in the form of new Islamic banks and the creation of new investment banks will help to consolidate the industry further in line with the Financial Sector Master Plan.

Against this background, the Group expects the operating conditions to remain favourable in 2006, although challenges exist.

RATINGS BY RATING AGENCIES

During the financial year, the Group and the Company were rated by the following external rating agencies:

Agencies	Date accorded	Ratings
RHB Capital Berhad		
Rating Agency Malaysia Berhad ('RAM')	December 2005	Long term rating for the following bonds: (a) RM500 million Serial Bonds rating - A1(s) (b) RM600 million Serial Bonds rating - A2

directors' report (continued)

RATINGS BY RATING AGENCIES (CONTINUED)

Agencies	Date accorded	Ratings
RHB Bank		
RAM	December 2005	Long term rating - AA3 Short term rating - P1 Subordinated Bonds rating - A1
Standard & Poor's	September 2005	Long term counterparty credit rating - BBB Short term counterparty credit rating - A-2 USD Subordinated Notes rating - BBB- Bank fundamental strength rating - C
Moody's Investors Service	June 2005	Long term bank deposit rating - A3 Short term bank deposit rating - P-1 USD Subordinated Notes rating - Baa1 Bank financial strength rating - D
Fitch Ratings	June 2005	Long term senior foreign currency credit rating - BBB USD Subordinated Notes rating - BBB- Individual rating - C/D Support rating - 2
RHB Sakura Merchant Bankers Berhad ('RHB Sakura')		
RAM	December 2005	Long term rating - A2 Short term rating - P1 Subordinated Bonds rating - A3

Description of the ratings accorded

(a) RAM

(i) Long term rating/Subordinated Bonds rating

AA High safety for timely payment of interest and principal.

A Adequate safety for timely payment of interest and principal. More susceptible to changes in circumstances and economic conditions than debts in higher-rated categories.

For long term ratings, RAM applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscript 1 indicates that the issue ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the issue ranks at the lower end of its generic rating category.

In addition, RAM applies the suffixes (bg) or (s) to ratings which have been enhanced by a bank guarantee or other supports, respectively.

(ii) Short term rating

P1 Very strong safety with regard to timely payment on the instrument.

directors' report (continued)

RATINGS BY RATING AGENCIES (CONTINUED)

Description of the ratings accorded (continued)

(b) Standard & Poor's

(i) Long term issue credit rating/USD Subordinated Notes rating

BBB An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

(ii) Short term issue credit rating

A-2 A short term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

(iii) Bank fundamental strength rating ('BFSR')

C A bank or financial institution, in the absence of extraordinary assistance or interference from its corporate group, regulator or government, assigned a BFSR of 'C' has adequate fundamental strength. However, the bank or financial institution is more sensitive to uncertainties and adverse circumstances to a greater degree than higher-rated entities.

The ratings from 'B' to 'E' may be modified by the addition of a plus (+) sign to show the higher relative standing within the rating categories.

(c) Moody's Investors Service

(i) Long term bank deposit rating

A Banks rated A for deposits offer good credit quality. However, elements may be present that suggest a susceptibility to impairment over the long term.

Moody's appends the numerical modifiers 1, 2 and 3 to each generic rating category from 'Aa' to 'Caa'. The modifier 1 indicates that the bank is in the higher end of its letter-rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the bank is in the lower end of its letter-ranking category.

(ii) Short term bank deposit rating

P-1 Banks rated Prime-1 for deposits offer superior credit quality and a very strong capacity for timely payment of short term deposit obligations.

directors' report (continued)

RATINGS BY RATING AGENCIES (CONTINUED)

Description of the ratings accorded (continued)

(c) Moody's Investors Service (continued)

(iii) Long term obligation rating (USD Subordinated Notes)

Baa Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Moody's appends the numerical modifiers 1, 2 and 3 to each generic rating category from 'Aa' through 'Caa'. The modifier 1 indicates that the obligation ranks in the higher end of its generic-rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

(iv) Bank financial strength rating

D Banks rated D display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise, financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.

Where appropriate, a '+' modifier will be appended to ratings below the 'A' category and a '-' modifier will be appended to ratings above the 'E' category to distinguish those banks that fall in intermediate categories.

(d) Fitch Ratings

(i) Long term foreign currency credit rating/USD Subordinated Notes rating

BBB Good credit quality. 'BBB' ratings indicate that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.

The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' long term rating category, to categories below 'CCC' or to short term ratings other than 'F1'.

(ii) Individual rating

C An adequate bank, which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.

D A bank, which has weaknesses of internal and/or external origin. There are concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with greater number of potential deficiencies of external origin.

Gradations may be used among the five ratings: i.e. A/B, B/C, C/D, and D/E.

directors' report (continued)

RATINGS BY RATING AGENCIES (CONTINUED)

Description of the ratings accorded (continued)

(d) Fitch Ratings (continued)

(iii) Support rating

- 2 A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum long term rating floor of 'BBB-'.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors dated 3 April 2006.

VASEEHAR HASSAN ABDUL RAZACK
DIRECTOR

JOHARI ABDUL MUID
DIRECTOR

balance sheets

as at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
ASSETS					
Cash and short term funds	2	11,364,271	12,734,231	1,695	110,787
Securities purchased under resale agreements		2,219,491	40,458	–	–
Deposits and placements with banks and other financial institutions	3	2,614,091	543,116	87,574	806
Securities held-for-trading	4	3,368,967	1,693,501	–	–
Securities available-for-sale ('Securities AFS')	5	2,161,147	6,892,012	–	–
Securities held-to-maturity	6	13,913,301	10,850,613	–	–
Loans, advances and financing	7	48,273,708	43,911,737	–	–
Clients' and brokers' balances	8	247,268	272,079	–	–
Other assets	9	433,647	282,286	39,467	36,944
Derivative assets	10	47,554	33,524	–	–
Amount due from holding company	11	1,153,601	1,032,489	1,153,601	1,032,489
Amounts due from subsidiaries	12	–	–	136,417	135,330
Statutory deposits	13	1,695,831	1,424,381	–	–
Tax recoverable		58,466	64,457	16,094	11,496
Deferred tax assets	14	247,505	208,556	–	–
Investments in subsidiaries	15	–	–	6,780,246	6,780,294
Investments in associates	16	15,734	16,135	–	36,000
Property, plant and equipment	17	922,610	965,496	2,028	1,867
Goodwill	18	1,167,513	1,172,195	–	–
TOTAL ASSETS		89,904,705	82,137,266	8,217,122	8,146,013

The accompanying accounting policies and notes form an integral part of these financial statements.

balance sheets

as at 31 December 2005 (continued)

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS					
Deposits from customers	19	49,921,110	50,167,252	–	–
Deposits and placements of banks and other financial institutions	20	11,028,831	7,123,942	–	–
Obligations on securities sold under repurchase agreements		10,942,799	7,944,641	–	–
Bills and acceptances payable		3,313,060	2,622,931	–	–
Clients' and brokers' balances	21	198,490	297,534	–	–
Other liabilities	22	1,554,378	1,340,313	40,062	23,959
Derivative liabilities	10	69,251	44,984	–	–
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')		3,356,992	3,366,851	–	–
Amounts due to subsidiaries	12	–	–	3,339,412	3,341,166
Taxation		26,412	7,655	–	–
Deferred tax liabilities	14	2,904	4,453	–	–
Borrowings	23	1,349,125	1,421,136	1,349,125	1,416,135
Subordinated obligations	24	1,530,252	1,533,080	–	–
INCPS	25	1,104,469	1,104,469	–	–
TOTAL LIABILITIES		84,398,073	76,979,241	4,728,599	4,781,260
Share capital	26	1,823,475	1,823,475	1,823,475	1,823,475
Reserves	27	2,417,683	2,276,507	1,114,593	1,114,593
Retained profits	28	251,397	112,397	550,455	426,685
TOTAL SHAREHOLDERS' EQUITY		4,492,555	4,212,379	3,488,523	3,364,753
MINORITY INTERESTS		1,014,077	945,646	–	–
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		89,904,705	82,137,266	8,217,122	8,146,013
COMMITMENTS AND CONTINGENCIES	41	46,115,240	43,957,706	–	–

The accompanying accounting policies and notes form an integral part of these financial statements.

income statements

for the financial year ended 31 December 2005

	Note	Group		Company	
		12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Interest income	29	3,511,124	4,455,538	78,756	103,630
Interest expense	30	(1,884,871)	(2,361,293)	(109,684)	(130,756)
Net interest income/(expense)		1,626,253	2,094,245	(30,928)	(27,126)
Other operating income	31	781,991	958,201	357,878	235,919
		2,408,244	3,052,446	326,950	208,793
Income from Islamic Banking business	32	147,674	197,068	–	–
Net income		2,555,918	3,249,514	326,950	208,793
Other operating expenses	33	(1,244,440)	(1,661,410)	(69,329)	(40,176)
Operating profit		1,311,478	1,588,104	257,621	168,617
Allowance for losses on loans and financing	35	(537,093)	(670,869)	–	–
Impairment loss	36	(85,812)	(50,051)	–	–
		688,573	867,184	257,621	168,617
Share of profit of associates		523	2,663	–	–
Profit before INCPS dividends, taxation and zakat		689,096	869,847	257,621	168,617
INCPS dividends	37	(110,447)	(152,915)	–	–
Profit after INCPS dividends and before taxation and zakat		578,649	716,932	257,621	168,617
Taxation	38	(144,852)	(139,203)	(87,899)	(30,296)
Zakat		(921)	(3)	–	–
Share of taxation of associates		(228)	(802)	–	–
Profit after INCPS dividends, taxation and zakat		432,648	576,924	169,722	138,321
Minority interests		(116,870)	(135,414)	–	–
Net profit for the financial year/period		315,778	441,510	169,722	138,321
Earnings per share (sen)					
– basic	39	17.3	24.2		
– diluted		N/A	N/A		
Gross dividends per share (sen)	40	3.5	10.0		

The accompanying accounting policies and notes form an integral part of these financial statements.

statements of changes in shareholders' equity

for the financial year ended 31 December 2005

Group	Note	Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Merger reserves RM'000	Other reserves RM'000	AFS reserves RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2005									
– as previously reported		1,823,475	1,114,593	1,167,773	(8,693)	8,563	–	111,423	4,217,134
– prior year adjustments	52	–	–	3,998	–	–	(9,727)	974	(4,755)
– as restated		1,823,475	1,114,593	1,171,771	(8,693)	8,563	(9,727)	112,397	4,212,379
Net profit for the financial year		–	–	–	–	–	–	315,778	315,778
Transfer in respect of statutory requirements		–	–	120,458	–	–	–	(120,458)	–
Net loss not recognised in the income statement									
– translation differences		–	–	–	–	–	–	(10,368)	(10,368)
Ordinary dividends	40	–	–	–	–	–	–	(45,952)	(45,952)
Unrealised net loss on revaluation of securities AFS		–	–	–	–	–	(20,265)	–	(20,265)
Net transfer to income statement on disposal or impairment		–	–	–	–	–	29,003	–	29,003
Deferred tax		–	–	–	–	–	(3,144)	–	(3,144)
Transfer in respect of liquidation of an associate		–	–	–	15,124	–	–	–	15,124
Balance as at 31 December 2005		1,823,475	1,114,593	1,292,229	6,431	8,563	(4,133)	251,397	4,492,555

The accompanying accounting policies and notes form an integral part of these financial statements.

statements of changes in shareholders' equity

for the financial year ended 31 December 2005 (continued)

Group (continued)	Note	(Accumulated losses)/ Retained profits							Total
		Share capital RM'000	Share premium RM'000	Reserve funds RM'000	Merger reserves RM'000	Other reserves RM'000	AFS reserves RM'000	RM'000	
Balance as at 1 July 2003									
– as previously reported		1,823,468	1,114,564	1,026,585	(8,693)	8,563	–	(90,233)	3,874,254
– prior year adjustments	52	–	–	3,552	–	–	28,015	17,117	48,684
– as restated		1,823,468	1,114,564	1,030,137	(8,693)	8,563	28,015	(73,116)	3,922,938
Issue of shares pursuant to exercise of Warrants 1994/2004		7	29	–	–	–	–	–	36
Net profit for the financial period		–	–	–	–	–	–	441,510	441,510
Transfer in respect of statutory requirements		–	–	141,634	–	–	–	(141,634)	–
Net gain not recognised in the income statement									
– translation differences		–	–	–	–	–	–	16,926	16,926
Ordinary dividends	40	–	–	–	–	–	–	(131,289)	(131,289)
Unrealised net loss on revaluation of securities AFS		–	–	–	–	–	(83)	–	(83)
Net transfer to income statement on disposal or impairment		–	–	–	–	–	(48,669)	–	(48,669)
Deferred tax		–	–	–	–	–	11,010	–	11,010
Balance as at 31 December 2004		<u>1,823,475</u>	<u>1,114,593</u>	<u>1,171,771</u>	<u>(8,693)</u>	<u>8,563</u>	<u>(9,727)</u>	<u>112,397</u>	<u>4,212,379</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

statements of changes in shareholders' equity

for the financial year ended 31 December 2005 (continued)

Company	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 January 2005		1,823,475	1,114,593	426,685	3,364,753
Net profit for the financial year		–	–	169,722	169,722
Ordinary dividends	40	–	–	(45,952)	(45,952)
Balance as at 31 December 2005		1,823,475	1,114,593	550,455	3,488,523
Balance as at 1 July 2003		1,823,468	1,114,564	419,653	3,357,685
Issue of shares pursuant to exercise of Warrants 1994/2004		7	29	–	36
Net profit for the financial period		–	–	138,321	138,321
Ordinary dividends	40	–	–	(131,289)	(131,289)
Balance as at 31 December 2004		1,823,475	1,114,593	426,685	3,364,753

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2005

Group	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before INCPS dividends, taxation and zakat	689,096	869,847
Adjustments for:		
Allowance for losses on loans and financing	867,784	1,249,311
Property, plant and equipment		
– depreciation	105,645	166,919
– impairment loss	1,365	13,039
– gain on disposal	(1,613)	(3,045)
– written off	194	3,724
Impairment loss on securities	84,447	37,012
Interest suspended	75,078	127,777
Loss on liquidation of an associate	17,251	–
Unrealised foreign exchange loss/(gain)	16,604	(17,965)
Amortisation of premium less accretion of discount	8,645	22,140
Unrealised loss on revaluation of securities held-for-trading	8,258	31,116
Accretion of discount for USD Sub-Notes	236	358
Interest income from securities	(602,639)	(714,789)
Net gain arising from sale/redemption of securities	(156,326)	(110,390)
Gross dividend income from securities	(6,145)	(8,568)
Share of profit of associates	(523)	(2,663)
Gain on disposal of an indirect subsidiary	–	(107)
Operating profit before working capital changes	1,107,357	1,663,716
(Increase)/Decrease in operating assets:		
Securities purchased under resale agreements	(2,179,033)	14,942
Deposits and placements with banks and other financial institutions	(2,070,975)	(207,862)
Securities held-for-trading	(1,603,130)	6,047,978
Loans, advances and financing	(5,321,097)	(3,188,202)
Clients' and brokers' balances	24,811	(128,771)
Other assets	(33,089)	249,424
Amount due from holding company	(121,112)	(208,518)
Statutory deposits	(271,450)	(146,060)
	(11,575,075)	2,432,931
Increase/(Decrease) in operating liabilities:		
Deposits from customers	(246,142)	1,645,821
Deposits and placements of banks and other financial institutions	3,904,889	3,243,361
Obligations on securities sold under repurchase agreements	2,998,158	4,764,248
Bills and acceptances payable	690,129	(876,566)
Clients' and brokers' balances	(99,044)	160,330
Other liabilities	216,038	80,889
Recourse obligation on loans sold to Cagamas	(9,859)	2,790,280
	7,454,169	11,808,363
Cash (used in)/generated from operations	(3,013,549)	15,905,010

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2005 (continued)

Group (continued)	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)		
Taxation and zakat paid	(178,133)	(201,764)
Taxation recovered	11,661	60,351
Net cash (used in)/generated from operating activities	(3,180,021)	15,763,597
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale/(purchase) of securities	1,686,624	(8,099,759)
Interest received from securities	430,020	463,875
Proceeds from disposal of property, plant and equipment	7,246	12,402
Dividend income received from securities	4,425	6,169
Capital repayment upon liquidation of an associate	4,025	–
Dividend income received from an associate	716	3,957
Purchase of property, plant and equipment	(72,990)	(152,600)
Increase in investments in an associate	(20)	(20)
Proceeds from disposal of an indirect subsidiary	–	377
Net cash generated from/(used in) investing activities	2,060,046	(7,765,599)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	600,000	–
Drawdown of borrowings	86,452	691,950
Repayment of borrowings	(401,700)	(396,750)
Redemption of bonds	(325,000)	–
INCPS dividends paid to other shareholders by a subsidiary	(79,522)	(103,363)
Dividends paid to minority interests in subsidiaries	(52,128)	(46,357)
Dividends paid to shareholders	(45,952)	(157,547)
Payment to hire-purchase creditors	(372)	(64)
Proceeds from issuance of share capital	–	36
Net cash used in financing activities	(218,222)	(12,095)
Net (decrease)/increase in cash and cash equivalents	(1,338,197)	7,985,903
Cash and cash equivalents at the beginning of the financial year/period	12,698,295	4,712,392
Cash and cash equivalents at the end of the financial year/period	11,360,098	12,698,295

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2005 (continued)

Group (continued)	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Cash and cash equivalents comprise the following:		
Cash and short term funds	11,364,271	12,734,231
Overdrafts	(4,173)	(35,936)
	<u>11,360,098</u>	<u>12,698,295</u>
Analysis of purchase of property, plant and equipment:		
Cash	72,990	152,600
Hire-purchase arrangement	-	2,060
	<u>72,990</u>	<u>154,660</u>
The following cash and cash equivalents are not readily available for use by the Group:		
Cash and short term funds of banking subsidiaries for utilisation in the ordinary course of banking business	11,296,072	12,468,192
Accounts held in trust for clients and remisiers	57,079	133,746
Sinking fund accounts	1,421	105,411
Deposits pledged to licensed bank	120	120
	<u>11,354,692</u>	<u>12,707,469</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2005 (continued)

Company	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	257,621	168,617
Adjustments for:		
Interest expense	102,603	122,837
Loss on liquidation of an associate	36,000	–
Depreciation of property, plant and equipment	709	805
Loss on transfer of investment in a subsidiary	48	–
Unrealised foreign exchange gain	(475)	–
Dividend income	(355,670)	(235,919)
Interest income	(78,756)	(103,630)
	<hr/>	<hr/>
Operating loss before working capital changes	(37,920)	(47,290)
(Increase)/Decrease in deposits and placements with banks and other financial institutions	(86,768)	305
Increase in inter-company balances	(48,233)	(137,217)
Increase in other assets	(2,541)	(3,882)
Increase in other liabilities	1,296	5,512
	<hr/>	<hr/>
Cash used in operations	(174,166)	(182,572)
Taxation recovered	7,091	40,276
	<hr/>	<hr/>
Net cash used in operating activities	(167,075)	(142,296)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income received from subsidiaries	256,082	160,489
Interest income received	3,529	2,025
Purchase of property, plant and equipment	(870)	(604)
	<hr/>	<hr/>
Net cash generated from investing activities	258,741	161,910
	<hr/>	<hr/>

The accompanying accounting policies and notes form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2005 (continued)

Company (continued)	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	600,000	–
Drawdown of borrowings	86,452	622,700
Repayment of borrowings	(396,700)	(250,000)
Redemption of bonds	(325,000)	–
Interest expense paid	(87,424)	(121,991)
Dividends paid to shareholders	(45,952)	(157,547)
Payment to hire-purchase creditors	(372)	(64)
Proceeds from issuance of share capital	–	36
Net cash (used in)/generated from financing activities	(168,996)	93,134
Net (decrease)/increase in cash and cash equivalents	(77,330)	112,748
Cash and cash equivalents at the beginning of the financial year/period	74,852	(37,896)
Cash and cash equivalents at the end of the financial year/period	(2,478)	74,852
Cash and cash equivalents comprise the following:		
Cash and short term funds	1,695	110,787
Overdrafts	(4,173)	(35,935)
	(2,478)	74,852
Analysis of purchase of property, plant and equipment:		
Cash	870	604
Hire-purchase arrangement	–	2,060
	870	2,664

The accompanying accounting policies and notes form an integral part of these financial statements.

summary of significant accounting policies

for the financial year ended 31 December 2005

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements except as disclosed below:

(1) Basis of preparation of the financial statements

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies and are in accordance with the Malaysian Accounting Standards Board ('MASB') approved accounting standards in Malaysia together with directives and guidelines issued by Bank Negara Malaysia ('BNM') and comply with the provisions of the Companies Act, 1965.

The applicable BNM's guideline adopted in these financial statements is the Revised Guidelines on Financial Reporting for Licensed Institutions ('BNM/GP8') which became effective for the current financial year. The adoption of the revised BNM/GP8 has resulted in changes in the accounting policies of the Group which have been applied retrospectively as disclosed in Note 52.

However, BNM has granted indulgence to the Group from complying with the requirement on the impairment of loans under the revised BNM/GP8. The Group will be deemed to be in compliance with the requirement on the loan impairment under the revised BNM/GP8 if the allowance for non-performing debts and financing are computed based on BNM's guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts ('BNM/GP3') requirements.

The financial statements of the Group incorporate all activities relating to the Islamic Banking business undertaken by the Group in compliance with Shariah principles.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965, MASB approved accounting standards in Malaysia and BNM's guidelines requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from estimates.

(2) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries which were accounted for using the merger method of accounting prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 - Accounting for Acquisitions and Mergers, the generally accepted accounting principles prevailing at that time.

Under acquisition accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the acquisition cost over the fair values of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill.

Under merger accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(2) Basis of consolidation (continued)

All material inter-company and intra-group transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with the goodwill on acquisition.

Minority interest is measured as the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of the results of associates during the financial year is included in the consolidated financial statements. In the consolidated balance sheet, the Group's interest in associates is stated at cost less goodwill on acquisition, plus the Group's share of post-acquisition retained profits and reserves and net of foreign currency translation differences, which are taken to reserves.

(3) Investments in subsidiaries

Subsidiaries are those corporations or other entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated at cost less any impairment loss. At each balance sheet date, the Company assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(4) Investments in associates

Associates are defined as those corporations or other entities in which the Group exercises significant influence over the financial and operating policies through representation on the Board but not the power to exercise control over those policies.

Investments in associates are stated at cost less any impairment loss. At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(5) Goodwill

Goodwill arising on consolidation represents the excess of the purchase price over the Group's share of the fair value of the separable net assets of subsidiaries and associates at the date of acquisition.

Goodwill is retained in the consolidated balance sheet and is stated at cost less any impairment loss. At each balance sheet date, the Group assesses whether there is any indication of impairment in goodwill. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(6) Securities

The Group classifies its securities portfolio into securities held-for-trading, securities held-to-maturity or securities AFS. Classification of the securities is determined at initial recognition.

(a) Securities held-for-trading

Securities held-for-trading are securities acquired principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Securities held-for-trading are stated at fair value at initial recognition. Any gain or loss arising from a change in the fair value or arising from derecognition of such securities is recognised in the income statement.

Interest calculated using the effective interest method is recognised in the income statement.

(b) Securities held-to-maturity

Securities held-to-maturity are securities with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Securities held-to-maturity are measured at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the securities are derecognised or impaired and through the amortisation process.

(c) Securities available-for-sale ('Securities AFS')

Securities AFS are securities that are not classified as held-for-trading or held-to-maturity. Securities AFS are measured at fair value at initial recognition. Equity instruments that do not have a quoted market price in an active market and where the fair values cannot be reliably measured are stated at cost. Any gain or loss arising from a change in fair value is recognised directly in equity through the statement of changes in equity, except for impairment loss and foreign exchange gain and loss. In the event that the financial assets are derecognised, the cumulative gain or loss previously recognised in equity shall be transferred to the income statement.

Interest calculated using the effective interest method is recognised in the income statement.

Dividends on AFS equity instruments are recognised in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair values using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Previously, securities held by the Group were classified as either 'Dealing' or 'Investment' securities. Under Dealing securities classification, the securities were stated at the lower of cost and market value on portfolio basis. Under Investment securities classification, the securities, according to type, were either stated at cost, adjusted for amortisation of premium or accretion of discount, or at the lower of cost and market value determined on a portfolio basis with allowance made for any permanent diminution in value. The effects of prior year adjustments are disclosed in Note 52.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(7) Receivables

Receivables are carried at anticipated realisable values. An estimate is made for doubtful debts based on the review of all outstanding amounts at the end of the financial year. Bad debts are written off during the financial year in which they are identified.

(8) Repurchase agreements

Securities purchased under resale agreements are securities which the banking subsidiaries have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the banking subsidiaries have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the balance sheet.

(9) Foreclosed properties

Foreclosed properties are stated at cost. Where an indication of impairment exists, the carrying amount of the foreclosed properties is assessed and written down immediately to its recoverable amount.

(10) Property, plant and equipment and depreciation

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

Freehold land, buildings in progress, renovations in progress and computer software in progress are not depreciated. Other property, plant and equipment are depreciated on a straight line basis over their estimated useful lives at the following annual depreciation rates:

Leasehold land	Amortised over the periods of the leases. The remaining period of the leases range from 11 to 888 years
Buildings	2%
Renovations and improvements	7½% to 20% or lease period
Computer equipment and software	20% to 33⅓%
Furniture, fittings and equipment	7½% to 20%
Motor vehicles	20% to 25%

At each balance sheet date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount.

(11) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(11) Derivative financial instruments and hedge accounting (continued)

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique which variables include only data from observable markets. When such evidence exists, the Group recognises profits upfront.

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

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

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

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to income statement over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

(b) Cash flow hedge

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

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Derivatives that do not qualify for hedge accounting

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

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(11) Derivative financial instruments and hedge accounting (continued)

Previously, interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense. Gain and loss on interest rate swaps, futures, forward and option contracts that qualify as hedges are deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expense. Gain and loss on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current financial year using the mark-to-market method, and are included in the income statement. The effects of the prior year adjustments are disclosed in Note 52.

(12) Bills and acceptances payable

Bills and acceptances payable represent the banking subsidiaries' own bills and acceptances rediscounted and outstanding in the market.

(13) Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')

In the normal course of commercial banking operations and finance company business, the commercial bank and finance company subsidiaries sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on prudence. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the balance sheet.

For Islamic Banking, the sale of Islamic debt to Cagamas is deemed as a sale and purchase transaction from Shariah point of view. Such financing transactions are netted off with the assets sold on the balance sheet and the obligations to buy back the loans are reflected as assets sold with recourse classified as commitments and contingencies.

In the normal course of merchant banking operations, the merchant bank subsidiary enters into agreements with third parties to acquire loans for onward sale to Cagamas. The merchant bank subsidiary is liable in respect of loans which are regarded as defective and this obligation is reflected as a liability on the balance sheet. The liability is fully indemnified by the originator of the loans and accordingly, the amount indemnified is recognised as an asset on the balance sheet.

(14) Assets sold under finance lease

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the sum-of-digits method so as to reflect a constant periodic rate of return on the balance outstanding.

(15) Assets purchased under lease

(a) Operating lease

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when termination takes place.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(15) Assets purchased under lease (continued)

(b) Finance lease

Leases of assets where the Group assumes substantially all the risks and benefits of ownership of the assets are classified as finance leases. The assets are capitalised under property, plant and equipment and subject to depreciation consistent with that of depreciable assets which are owned. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments and the fair value of the leased assets at the beginning of the lease term. Each lease payment is allocated between the liability and finance charges using effective yield basis. The corresponding rental obligations, net of finance charges, are included in liabilities. The finance charges are charged to the income statement over the lease period.

(16) Assets purchased under hire-purchase

Assets purchased under hire-purchase arrangements are capitalised at inception of the hire-purchase. Outstanding obligations due under hire-purchase agreements after deducting finance charges are treated as liabilities in the balance sheet. The interest element of the finance charges is charged to the income statement over the hire-purchase period.

(17) Other provisions

Provisions other than for non-performing debts and provisions for outstanding claims are recognised when the Group has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

(18) Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Preference shares which carry a mandatory coupon, or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement on an amortised cost basis using the effective interest method.

(19) Profit Equalisation Reserve ('PER') on Islamic Banking business

PER on Islamic Banking business refers to the amount appropriated out of the total gross income to mitigate the undesirable fluctuation of income and to maintain a certain level of return to depositors. The amount is provided based on BNM's circular on 'The Framework of The Rate of Return'. PER is shared by both the depositors and the banking subsidiary and hence can be appropriated from and written back to total gross income in deriving the distributable income. PER is reflected under other liabilities in the balance sheet.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(20) Income recognition

- (a) Interest income is recognised on accruals basis. Income earned on hire-purchase, block discounting and leasing business is recognised on the 'sum-of-digits' method.

Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing are reversed out of the income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently, the interest earned on the non-performing loans shall be recognised as income on cash basis.

- (b) Loan arrangement fees, commissions and placement fees are recognised as income when all conditions precedent are fulfilled.
- (c) Guarantee fees are recognised as income upon issuance of guarantees.
- (d) Commitment fees are recognised as income based on time apportionment.
- (e) Income from Islamic Banking business is recognised on accruals basis in accordance with the principles of Shariah.
- (f) Brokerage commission is recognised when contracts are executed. Interest income from margin financing, clients' overdue outstanding purchases and contra losses are recognised on accruals basis. When an account is classified as non-performing, recognition of interest income is suspended until it is realised on cash basis.
- (g) Premium income from general insurance business (net of all reinsurance) is recognised on the date of assumption of risks. Premium in respect of risks incepted, for which policies have not been raised as at the balance sheet date, are accrued at that date.
- (h) Corporate advisory fees are recognised as income on completion of each stage of the engagement and issuance of invoice.
- (i) Management fees of the unit trust management company are recognised on accruals basis. Sales value of trust units is recognised on the approval of a unitholder's application. Value from the cancellation of trust units is recognised upon approval of the trustee.
- (j) Dividends from subsidiaries and associates are recognised when the shareholders' right to receive payment is established, while dividends from other investments are recognised on receipts basis.

(21) Allowance for non-performing debts and financing

Specific allowances are made for non-performing debts and financing which have been individually reviewed and specifically identified as bad, doubtful or substandard.

A general allowance for banking operations based on a percentage of the loan portfolio is also made to cover possible losses which are not specifically identified. A general allowance for securities operations is made based on a percentage of the total amounts due from clients after deducting the amount of interest-in-suspense and specific allowance for bad and doubtful debts. These percentages are reviewed annually in the light of past experience and prevailing circumstances and an adjustment is made on the overall general allowance, if necessary.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(21) Allowance for non-performing debts and financing (continued)

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

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

The Group's allowance for non-performing debts and financing is in conformity with the minimum requirements of BNM/GP3, which is deemed as in conformity with the requirement on the allowance for loan impairment under the revised BNM/GP8.

The stockbroking subsidiary's policy of classifying an account as a non-performing debt is in conformity with the requirements of Chapter 11, Schedule 7, Rule 1104.1 of Rules of the Bursa Malaysia Securities Berhad ('Bursa Securities').

(22) General insurance

General insurance underwriting surplus before management expenses are determined after accounting for net premium, unearned premium reserves, net claims incurred and net commissions.

Allowances or reserves for unearned premiums are calculated in accordance with the fixed percentage method or time apportionment method, where applicable. Allowance is made for outstanding claims based on the estimated cost of claims, less reinsurance recoveries in respect of claims notified and include claims incurred but not reported at the balance sheet date ('IBNR'). Allowance for IBNR is computed using a mathematical method of estimation and is based on an actuarial valuation carried out by an independent actuarial firm.

(23) Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to the national pension scheme, Employees' Provident Fund ('EPF'). The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further legal or constructive obligations.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee undergoes voluntary redundancy in exchange for these benefits.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(24) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

(25) Impairment of securities

The Group assesses at each balance sheet date whether there is objective evidence that a security is impaired. A security is impaired and impairment loss are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the securities that can be reliably estimated.

(a) Securities carried at amortised cost

If there is objective evidence that an impairment loss on securities held-to-maturity carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a security held-to-maturity has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(b) Securities carried at fair value

In the case of securities classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised, is removed from equity and recognised in the income statement. Impairment loss recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as securities AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

(26) Income taxes and zakat

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries and associates and arising from distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Zakat is payable by banking subsidiaries to comply with the principles of Shariah and as approved by the Shariah Supervisory Council.

(27) Currency conversion and translation

The financial statements are presented in Ringgit Malaysia.

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating to those ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The results of foreign entities are translated into the Group's reporting currency at average exchange rates for the financial year and the balance sheets are translated at the exchange rates ruling at balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are charged to retained profits in the shareholders' equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	2005 RM	2004 RM
1 US Dollar	3.78	3.80
1 Singapore Dollar/Brunei Dollar	2.27	2.33
1 Sterling Pound	6.52	7.33
100 Thai Baht	9.21	9.77
100 Philippine Peso	6.32	6.77
100 Hong Kong Dollar	48.75	48.88

(28) Dividends

Dividends on ordinary shares are recognised as liabilities when shareholders' right to receive the dividends is established.

(29) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short term deposits, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.

notes to the financial statements

for the financial year ended 31 December 2005

1 GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Securities.

The principal activity of the Company is investment holding. The Group is involved in commercial banking, Islamic banking, merchant banking, finance company business, leasing, offshore banking, offshore trust services, stockbroking and other securities related business, general insurance, unit trust management, asset management and nominee and custodian services.

There have been no significant changes in these principal activities during the financial year.

The number of employees at financial year end are 10,356 (2004: 10,135) in the Group and 99 (2004: 84) in the Company.

The address of the registered office of the Company is at Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

2 CASH AND SHORT TERM FUNDS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and balances with banks and other financial institutions	(a) 702,633	827,016	274	5,376
Money at call and deposit placements maturing within one month	(b) 10,661,638	11,907,215	1,421	105,411
	11,364,271	12,734,231	1,695	110,787

(a) Included in cash and balances with banks and other financial institutions are:

	Group	
	2005 RM'000	2004 RM'000
Accounts held in trust for clients	7,625	10,958

(b) Included in money at call and deposit placements are:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Accounts held in trust for clients and remisiers	49,454	122,788	–	–
Sinking fund accounts	1,421	105,411	1,421	105,411
Deposits pledged to licensed bank	120	120	–	–

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Licensed banks	311,075	470,522	87,574	806
Licensed finance companies	36,500	14,070	–	–
Licensed merchant banks	15,084	623	–	–
BNM	2,249,100	45,000	–	–
Other financial institutions	2,332	12,901	–	–
	2,614,091	543,116	87,574	806

Included in deposits and placements with licensed banks are:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sinking fund accounts	86,440	–	86,440	–
Deposits pledged to licensed banks	2,634	2,307	1,134	806

4 SECURITIES HELD-FOR-TRADING

	Group	
	2005 RM'000	2004 RM'000
At fair value		
Money market instruments:		
Quoted		
Singapore government stocks	317,799	150,921
Government investment issues	208,084	–
Khazanah bonds	198,389	–
Malaysian government securities	25,030	–
Unquoted		
Private debt securities	800,332	77,466
Bankers' acceptances and Islamic accepted bills	763,727	977,401
BNM bills	444,592	–
Fixed rate notes	249,057	–
Negotiable instrument of deposits	59,994	170,117
Malaysian government treasury bills	20,654	–
Singapore government treasury bills	–	46,360
	3,087,658	1,422,265

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

4 SECURITIES HELD-FOR-TRADING (CONTINUED)

	Group	
	2005	2004
	RM'000	RM'000
At fair value		
Quoted securities:		
In Malaysia		
Shares	44,008	39,186
Unit trust	4,416	5,867
Warrants	–	1,816
Outside Malaysia		
Other government securities	126,856	135,318
Bonds	105,289	88,221
Shares	424	509
Unquoted securities:		
Outside Malaysia		
Shares	316	319
	3,368,967	1,693,501

5 SECURITIES AVAILABLE-FOR-SALE ('SECURITIES AFS')

	Group	
	2005	2004
	RM'000	RM'000
At fair value		
Money market instruments:		
Quoted		
Cagamas bonds and Cagamas Mudharabah bonds	585,534	590,588
Government investment issues	–	1,013,637
Khazanah bonds	–	393,321
Malaysian government securities	–	349,743
Singapore government stocks	–	107,253
BNM negotiable notes	–	1,328
Malaysian government treasury bills	–	40

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

5 SECURITIES AVAILABLE-FOR-SALE ('SECURITIES AFS') (CONTINUED)

	Group	
	2005 RM'000	2004 RM'000
At fair value		
Money market instruments: (continued)		
Unquoted		
Private debt securities	736,520	1,438,098
BNM bills	99,575	807,072
Singapore government treasury bills	56,761	57,950
Malaysian government treasury bills	42,534	24,653
Other government securities	4,546	24,858
Negotiable instrument of deposits	–	999,004
Bankers' acceptances and Islamic accepted bills	–	186,833
Danaharta bonds	–	149,035
Thailand government treasury bills	–	29,106
	1,525,470	6,172,519
Quoted securities:		
In Malaysia		
Corporate loan stocks	74,849	92,657
Shares	44,353	107,603
Malaysian government securities	22,134	22,094
Private debt securities	4,433	–
Warrants	–	41
Outside Malaysia		
Floating rate notes	313	4,204
Shares	135	825
Unquoted securities:		
In Malaysia		
Corporate loan stocks	193,691	217,108
Shares	168,152	180,777
Corporate debt securities	85,350	85,187
Private debt securities	38,386	–
Outside Malaysia		
Private debt securities	3,298	7,383
Shares	345	1,364
Trading rights	238	250
	2,161,147	6,892,012

Included in securities AFS is an amount of RM375,000,000 (2004: RMNil) being pledged to third parties in relation to securities sold under repurchase agreements.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

6 SECURITIES HELD-TO-MATURITY

	Group	
	2005	2004
	RM'000	RM'000
At amortised cost		
Money market instruments:		
Quoted		
Malaysian government securities	2,424,601	2,500,274
Cagamas bonds and Cagamas Mudharabah bonds	656,125	500,325
Khazanah bonds	635,686	47,995
Unquoted		
Negotiable instrument of deposits	5,367,009	2,333,489
Prasarana bonds	2,052,791	2,055,811
Private debt securities	1,226,572	2,080,685
Bankers' acceptances and Islamic accepted bills	714,033	329,665
Other government securities	140,747	109,414
Malaysian government treasury bills	73,406	34,742
Thailand government treasury bills	47,235	80,563
BNM bills	–	84,820
Singapore government treasury bills	–	46,523
Danaharta bonds	–	6,814
	13,338,205	10,211,120
Quoted securities:		
In Malaysia		
Floating rate notes	100,162	100,700
Outside Malaysia		
Floating rate notes	–	19,453
Unquoted securities:		
In Malaysia		
Private debt securities	399,183	448,064
Corporate loan stocks	187,992	241,645
Bonds	29,070	29,070
Shares	2,700	2,700
Promissory notes	375	375
Floating rate notes	–	18,971
Outside Malaysia		
Credit link notes	37,796	–
	14,095,483	11,072,098
Accumulated impairment loss	(182,182)	(221,485)
	13,913,301	10,850,613

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

6 SECURITIES HELD-TO-MATURITY (CONTINUED)

Included in securities held-to-maturity is an amount of RM8,879,125,000 (2004: RM4,157,442,000) being pledged to third parties in relation to securities sold under repurchase agreements.

Included in unquoted shares is a third party redeemable preference shares amounting to RM1,500,000 (2004: RM1,500,000) with a nominal value of RM1.00 each charged to a third party as part of financing transactions facilitated by the subsidiaries.

7 LOANS, ADVANCES AND FINANCING

	Group	
	2005	2004
	RM'000	RM'000
Overdrafts	6,465,593	6,006,116
Term loans/financing		
– housing loans/financing	11,706,298	9,749,377
– syndicated term loans/financing	2,335,285	2,008,379
– hire-purchase receivables	7,669,206	4,901,383
– lease receivables	295,953	260,014
– other term loans/financing	11,438,603	11,747,517
Bills receivable	1,628,524	1,443,917
Trust receipts	498,867	555,315
Claims on customers under acceptance credits	4,124,751	4,588,864
Staff loans/financing	425,831	425,951
Credit/charge cards receivables	994,954	720,281
Revolving credits	4,707,948	5,559,106
	<u>52,291,813</u>	47,966,220
Unearned interest and income	<u>(1,281,394)</u>	(774,006)
	<u>51,010,419</u>	47,192,214
Gross loans, advances and financing		
Allowance for bad and doubtful debts and financing		
– general	(921,583)	(824,954)
– specific	(1,815,128)	(2,455,523)
	<u>48,273,708</u>	<u>43,911,737</u>

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM3,356,992,000 (2004: RM3,366,851,000).

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2005 RM'000	2004 RM'000
(a) Loans, advances and financing analysed by type of customers are as follows:		
Domestic non-bank financial institutions		
– stockbroking companies	2,862	226,526
– others	1,538,252	1,984,495
Domestic business enterprises		
– small medium enterprises	9,094,506	7,685,975
– others	18,564,041	18,473,193
Government and statutory bodies	167,350	219,511
Individuals	21,173,785	18,183,088
Other domestic entities	54,419	39,624
Foreign entities	415,204	379,802
	51,010,419	47,192,214
(b) Loans, advances and financing analysed by type of interest/profit rate sensitivity are as follows:		
Fixed rate		
– housing loans/financing	1,447,587	310,730
– hire-purchase receivables	6,485,481	4,177,284
– other fixed rate loans/financing	2,965,560	2,852,677
Variable rate		
– base lending rate plus	19,155,385	18,992,018
– cost-plus	16,761,171	16,657,587
– other variable rates	4,195,235	4,201,918
	51,010,419	47,192,214
(c) Loans, advances and financing analysed by their economic sectors are as follows:		
Agriculture, hunting, forestry and fishing	2,002,593	1,711,082
Mining and quarrying	89,257	145,718
Manufacturing	9,432,189	10,053,540
Electricity, gas and water	483,322	815,884
Construction	2,895,777	2,950,266
Real estate	1,302,063	1,282,595
Purchase of landed property:		
– residential	12,221,500	11,317,308
– non-residential	1,073,864	1,134,858
Wholesale & retail trade and restaurants & hotels	5,768,925	5,182,180
Transport, storage and communication	2,809,321	1,295,071
Finance, insurance and business services	2,544,843	2,834,612
Purchase of securities	2,005,575	2,048,068
Purchase of transport vehicles	4,449,684	2,651,368
Consumption credit	2,812,850	2,681,625
Others	1,118,656	1,088,039
	51,010,419	47,192,214

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2005 RM'000	2004 RM'000
(d) Non-performing loans, advances and financing analysed by their economic sectors are as follows:		
Agriculture, hunting, forestry and fishing	26,326	102,090
Mining and quarrying	2,102	2,363
Manufacturing	702,227	1,376,133
Electricity, gas and water	210,255	255,281
Construction	497,646	703,997
Real estate	312,341	485,212
Purchase of landed property:		
– residential	1,173,786	782,897
– non-residential	167,653	173,421
Wholesale & retail trade and restaurants & hotels	221,653	353,059
Transport, storage and communication	73,585	75,422
Finance, insurance and business services	287,889	303,381
Purchase of securities	109,823	85,795
Purchase of transport vehicles	262,348	102,367
Consumption credit	199,914	217,830
Others	84,407	99,809
	4,331,955	5,119,057
(e) Movements in non-performing loans, advances and financing are as follows:		
Balance as at the beginning of the financial year/period	5,119,057	6,359,089
Classified as non-performing during the financial year/period	2,523,170	2,839,316
Amount recovered	(391,096)	(670,324)
Reclassified as performing during the financial year/period	(1,695,732)	(2,049,251)
Amount written off	(1,190,825)	(952,050)
Loans/financing converted to securities	(29,131)	(416,533)
Exchange difference	(3,488)	8,810
Balance as at the end of the financial year/period	4,331,955	5,119,057
Specific allowance	(1,814,999)	(2,455,225)
Net non-performing loans, advances and financing	2,516,956	2,663,832
Ratio of net non-performing loans, advances and financing as % of gross loans, advances and financing less specific allowance	5.11%	5.95%

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group	
	2005 RM'000	2004 RM'000
(f) Movements in allowance for bad and doubtful debts and financing accounts are as follows:		
Specific allowance		
Balance as at the beginning of the financial year/period	2,455,523	2,612,002
Allowance made during the financial year/period	757,958	1,245,794
Transferred to accumulated impairment loss in value of securities	(12,498)	(69,619)
Amount recovered	(186,810)	(444,477)
Amount written off	(1,197,510)	(893,828)
Amount transferred from allowance for commitments and contingencies	-	39
Exchange difference	(1,535)	5,612
	<u>1,815,128</u>	<u>2,455,523</u>
General allowance		
Balance as at the beginning of the financial year/period	824,954	791,932
Net allowance made during the financial year/period	97,689	30,577
Exchange difference	(1,060)	2,445
	<u>921,583</u>	<u>824,954</u>
Balance as at the end of the financial year/period	<u>1,815,128</u>	<u>2,455,523</u>
As % of gross loans, advances and financing less specific allowance	<u>1.87%</u>	1.84%

8 CLIENTS' AND BROKERS' BALANCES

Clients' and brokers' balances are stated net of specific and general allowance for doubtful debts of RM16,419,000 (2004: RM6,882,000) and RM974,000 (2004: RM905,000) respectively.

9 OTHER ASSETS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other debtors, deposits and prepayments	266,964	203,691	39,441	36,900
Accrued interest receivable	166,683	78,595	26	44
	<u>433,647</u>	<u>282,286</u>	<u>39,467</u>	<u>36,944</u>

Other debtors, deposits and prepayments of the Group are stated net of allowance for doubtful debts of RM4,461,000 (2004: RM9,652,000).

Included in the other debtors, deposits and prepayments of the Group and the Company is a deposit of RM32,800,000 (2004: RM32,800,000) paid by the Company pursuant to the sale and purchase agreement dated 7 November 2000 between Carta Bintang Sdn Bhd ('CBSB') and the Company for the sale and purchase of 60 million shares in SJ Securities Sdn Bhd ('SJ Securities') as disclosed in Note 49(a).

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

10 DERIVATIVE ASSETS/(LIABILITIES)

	Group	
	2005	2004
	RM'000	RM'000
Derivative assets	47,554	33,524
Derivative liabilities	(69,251)	(44,984)
	(21,697)	(11,460)

	Group		
	Contract or underlying principal amount	Year-end positive fair value	Year-end negative fair value
	RM'000	RM'000	RM'000
2005			
Foreign exchange related contracts:			
– forwards/swaps	6,605,093	13,179	16,042
– options	929,564	20,149	19,759
– cross-currency interest rate swaps	188,975	167	59
– spots	353,437	256	121
Interest rate related contracts:			
– futures	3,331,000	2,677	1,235
– swaps	3,862,403	11,126	32,035
		47,554	69,251
2004			
Foreign exchange related contracts:			
– forwards/swaps	12,788,609	23,836	9,824
– options	371,671	3,255	2,072
– cross-currency interest rate swaps	190,000	–	1,383
– spots	748,808	757	511
Interest rate related contracts:			
– futures	1,739,000	2,281	1,239
– swaps	1,427,000	3,395	29,955
		33,524	44,984

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

11 AMOUNT DUE FROM HOLDING COMPANY

The amount due from holding company is unsecured, carries an interest rate of 0.2% (2004: 0.2%) per annum above the average cost of funds ('COF') of the Company and is repayable on demand.

12 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from subsidiaries are stated net of allowance for doubtful debts of RM1,250,784,000 (2004: RM1,250,784,000).

The amounts due from/(to) subsidiaries are unsecured and have no fixed terms of repayments. Approximately RM136,417,000 (2004: RM135,330,000) amounts due from subsidiaries and RM3,243,748,000 (2004: RM3,244,316,000) amounts due to subsidiaries are interest free while the remaining amounts bear interest equivalent to the COF of the respective subsidiaries.

13 STATUTORY DEPOSITS

Included in statutory deposits are:

- (a) non-interest bearing statutory deposits of RM1,695,632,000 (2004: RM1,424,281,000) relating to the banking and finance subsidiaries which are maintained with BNM in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised-1994), with the Ministry of Finance, Negara Brunei Darussalam in compliance with Section 6A of the Banking Act, and with the Monetary Authority of Singapore in compliance with Banking Act, Cap. 19 and Singapore Finance Companies Act, Cap. 108. The amounts are determined by the respective authorities.
- (b) interest bearing statutory deposits of RM100,000 (2004: RM100,000) favouring the Accountant General that has been placed by a subsidiary which is maintained with a banking subsidiary in accordance with Section 4(2)(d) of the Labuan Trust Companies Act, 1990.

The subsidiary has notified the Accountant General regarding surrendering of its trust licence to the Labuan Offshore Financial Services Authority ('LOFSA') and thus requested for the withdrawal of the said fixed deposit. As at the balance sheet date, the subsidiary is awaiting the approval from the Accountant General to refund the said deposit.

- (c) non-interest bearing statutory deposits of RM99,000 (2004: RMNil) relating to a trust subsidiary which is maintained with the LOFSA in accordance with Section 4(2)(d)(ii) of the Labuan Trust Companies (Amendment) Act 2002.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

14 DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2005 RM'000	2004 RM'000
Deferred tax assets	247,505	208,556
Deferred tax liabilities	(2,904)	(4,453)
	244,601	204,103
Balance as at the beginning of the financial year/period		
– as previously reported	197,215	155,841
– prior year adjustments	6,888	(17,884)
– as restated	204,103	137,957
Amount arising from disposal of a subsidiary	–	27
Transfer from income statement (Note 38)	47,226	54,789
Transfer (to)/from equity	(6,657)	11,101
Exchange difference	(71)	229
Balance as at the end of the financial year/period	244,601	204,103

The movements in deferred tax assets and liabilities during the financial year/period comprise the following:

Group	Leasing business	Property, plant and equipment	Securities AFS	General allowance on loans, advances and financing	Tax losses	Derivative assets	Provision for liability	Other temporary differences	Total
									RM'000
Balance as at the beginning of the financial year									
– as previously reported	7,964	(36,605)	–	218,220	5,009	–	515	2,112	197,215
– prior year adjustments	–	–	6,234	–	–	753	–	(99)	6,888
– as restated	7,964	(36,605)	6,234	218,220	5,009	753	515	2,013	204,103
Transfer from income statement	–	5,997	–	27,774	4,501	–	2	8,952	47,226
Transfer to equity	–	–	(6,657)	–	–	–	–	–	(6,657)
Exchange difference	–	–	–	–	(71)	–	–	–	(71)
Balance as at the end of the financial year	7,964	(30,608)	(423)	245,994	9,439	753	517	10,965	244,601

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Group (continued) 2004	Property, Leasing plant and business equipment RM'000	Securities and AFS RM'000	General allowance on loans, advances and financing RM'000	Tax losses RM'000	Derivative assets RM'000	Provision for liability RM'000	Other temporary differences RM'000	Total RM'000	
Balance as at the beginning of the financial period									
– as previously reported	(25,333)	(40,139)	–	211,420	8,279	–	336	1,278	155,841
– prior year adjustments	–	–	(4,867)	–	–	–	–	(6,611)	(17,884)
– as restated	(25,333)	(40,139)	(4,867)	211,420	8,279	(6,406)	336	(5,333)	137,957
Amount arising from disposal of a subsidiary	–	–	–	–	–	–	–	27	27
Transfer from/(to) income statement	33,297	3,534	–	6,800	(3,300)	7,159	(22)	7,321	54,789
Transfer from equity	–	–	11,101	–	–	–	–	–	11,101
Exchange difference	–	–	–	–	30	–	201	(2)	229
Balance as at the end of the financial period	7,964	(36,605)	6,234	218,220	5,009	753	515	2,013	204,103

Deferred tax assets have not been recognised on the following as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

	Group	
	2005 RM'000	2004 RM'000
Unabsorbed tax losses carried forward	3,194,113	3,225,513
Unabsorbed capital allowances carried forward	3,952	55
	3,198,065	3,225,568

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares in Malaysian companies, at cost	6,970,919	6,970,967
Unquoted shares in companies outside Malaysia, at cost	7,771	7,771
	6,978,690	6,978,738
Accumulated impairment loss on subsidiaries	(198,444)	(198,444)
	6,780,246	6,780,294

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2005 %	2004 %	
RHB Bank Berhad	Malaysia	1,949,985,976	70	70	Commercial banking
RHB Islamic Bank Berhad ¹	Malaysia	523,424,002	70	–	Islamic Banking
RHB Bank (L) Ltd	Malaysia	USD54,000,000	70	70	Offshore banking
RHB Capital Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Nominee services for Malaysian beneficial shareholders
RHB Capital Nominees (Asing) Sdn Bhd	Malaysia	10,000	70	70	Nominee services for foreign beneficial shareholders
RHB Investment Ltd ²	Singapore	S\$19,000,000	70	70	Property investment and rental
Banfora Pte Ltd ²	Singapore	S\$25,000,000	70	70	Property investment and rental
RHB Bank Nominees Pte Ltd ²	Singapore	S\$100,000	70	70	Nominee services
RHB Delta Finance Berhad	Malaysia	175,000,000	70	70	Finance company
RHB Leasing Sdn Bhd	Malaysia	10,000,000	70	70	Leasing and hire-purchase

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2005 %	2004 %	
RHB Trade Services Limited ³	Hong Kong	HK\$2	70	70	Processing of letters of credits reissuance favouring Hong Kong beneficiaries
RHB Capital Properties Sdn Bhd	Malaysia	21,800,000	70	70	Property investment
Utama Assets Sdn Bhd	Malaysia	2,300,000	70	70	Property investment
RHB Sakura Merchant Bankers Berhad	Malaysia	338,646,000	100	100	Merchant banking
RHB Unit Trust Management Berhad	Malaysia	2,000,000	100	100	Management of unit trust funds
RHB Merchant Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	100	100	Nominee services for Malaysian beneficial shareholders
RHB Merchant Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	Nominee services for foreign beneficial shareholders
RHB Securities Sdn Bhd	Malaysia	200,000,000	100	100	Stockbroking
RHB Nominees Sdn Bhd	Malaysia	25,000	100	100	Nominee and custodian services
RHB Nominees (Asing) Sdn Bhd	Malaysia	25,000	100	100	Nominee and custodian services for foreign beneficial shareholders
RHB Nominees (Tempatan) Sdn Bhd	Malaysia	25,000	100	100	Nominee and custodian services for Malaysian beneficial shareholders
RHB Asset Management Sdn Bhd	Malaysia	2,000,000	100	100	Asset management services
RHB Research Institute Sdn Bhd	Malaysia	500,000	100	100	Research services
RHB Futures Sdn Bhd	Malaysia	13,500,000	100	100	Futures and options broking
RHB Marketing Services Sdn Bhd	Malaysia	100,000	100	100	Investment holding

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2005 %	2004 %	
Straits Asset Holdings Sdn Bhd	Malaysia	45,000,000	100	100	Investment holding
RHB Management Services (Jersey) Limited	Jersey, Channel Islands	GBP12	100	100	Management services
RHB Insurance Berhad	Malaysia	100,000,000	79.5	79.5	General insurance
RHB International Trust (L) Ltd	Malaysia	USD40,000	100	100	Offshore trust company
RHB Corporate Services Sdn Bhd (formerly known as RHB International Trust (Labuan) Sdn Bhd) ⁴	Malaysia	150,000	100	100	Corporate secretarial services
RHB Hartanah Sdn Bhd	Malaysia	100,000	100	100	Property investment
RHB Equities Sdn Bhd ⁵	Malaysia	20,000,000	100	100	Equity related services
RHB Asia Pte Ltd ²	Singapore	S\$12,000,000	100	100	Investment holding
RHB Capital (Jersey) Limited	Jersey, Channel Islands	GBP4,012	100	100	Investment holding
RHB Overseas Limited	Jersey, Channel Islands	GBP100	100	100	Investment holding
RHB Capital Berhad's dormant subsidiaries					
RHB Bena Sdn Bhd	Malaysia	5,000,000	100	100	Dormant
RHBF Sdn Bhd	Malaysia	148,145,176	100	100	Dormant
KYF Sdn Bhd	Malaysia	50,000,000	100	100	Dormant
Kwong Yik Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	100	100	Dormant

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2005 %	2004 %	
RHB Capital Berhad's dormant subsidiaries (continued)					
Kwong Yik Nominees (Asing) Sdn Bhd	Malaysia	10,000	100	100	Dormant
KYB Trust Management Sdn Bhd	Malaysia	2	100	100	Dormant
RHB Dynamic Technologies Sdn Bhd	Malaysia	100,000	100	100	Dormant
KYB Sdn Bhd	Malaysia	1,735,137,489	100	100	Dormant
Rashid Hussain Securities (Philippines) Inc ^{2,6}	Philippines	PHP180,000,000	100	100	Dormant
PT Rashid Hussain Securities ^{2,7}	Indonesia	IDR35,000,000,000	85	85	Dormant
RHB Bank's dormant subsidiaries					
UMBC Sdn Bhd	Malaysia	499,999,818	70	70	Dormant
USB Nominees Sdn Bhd	Malaysia	10,000	70	70	Dormant
USB Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Dormant
USB Nominees (Asing) Sdn Bhd	Malaysia	10,000	70	70	Dormant
RHB Delta Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Dormant
INFB Jaya Sdn Bhd	Malaysia	50,000,000	70	70	Dormant
Utama Gilang Sdn Bhd	Malaysia	800,000,000	70	70	Dormant
U.B. Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	70	70	Dormant

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2005 %	2004 %	
RHB Sakura's dormant subsidiaries					
RHB Venture Capital Sdn Bhd	Malaysia	2	100	100	Dormant
RHB Holdings Sdn Bhd	Malaysia	2	100	100	Dormant
Semara Jaya Sdn Bhd ⁸	Malaysia	2	–	100	Dormant
Straits Nominees (Tempatan) Sdn Bhd ⁹	Malaysia	25,000	100	100	Dormant
Straits Nominees (Asing) Sdn Bhd ⁹	Malaysia	25,000	100	100	Dormant
SFSB Services (Melaka) Sdn Bhd	Malaysia	5,000,000	100	100	Dormant
SSSB Services (Melaka) Sdn Bhd	Malaysia	40,000,000	100	100	Dormant

Notes:

1. The company was incorporated on 2 February 2005.
2. Subsidiaries audited by overseas firms associated with PricewaterhouseCoopers, Malaysia.
3. Subsidiary not audited by PricewaterhouseCoopers.
4. With effect from 27 May 2005, the company has become a wholly-owned subsidiary of RHB International Trust (L) Ltd.
5. With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.
6. The company has ceased operations effective from the close of business on 10 December 2001.
7. The company has ceased operations on 31 July 2001 and commenced proceedings for members' voluntary dissolution.
8. The company was struck-off via a notice from the Companies Commissions of Malaysia dated 7 February 2005 pursuant to Section 308 of the Companies Act, 1965, and ceased to be a subsidiary of RHB Sakura with effect from the same date.
9. The company has commenced members' voluntary winding-up pursuant to section 254(1)(b) of the Companies Act, 1965 on 30 March 2006.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

16 INVESTMENTS IN ASSOCIATES

	2005 RM'000	2004 RM'000
Group		
Share of net assets – in Malaysia	<u>15,734</u>	<u>16,135</u>
Company		
Unquoted shares, at cost	<u>–</u>	<u>36,000</u>

The details of the associates are as follows:

Name of company	Country of incorporation	Paid-up share capital (in RM unless otherwise stated)	Effective equity interest		Principal activities
			2005 %	2004 %	
Positive Properties Sdn Bhd	Malaysia	23,040,000	50	50	Property investment
RHB-Cathay Securities Pte Ltd ¹	Singapore	S\$3,000,000	49	49	Dormant
CMS Trust Management Berhad	Malaysia	6,765,300	34.3	34.3	Management of unit trust funds

Note:

- The company commenced members' voluntary winding up on 21 December 2003 and it was completed on 27 December 2005. Pursuant to the Companies Act of Singapore, the company is deemed to be dissolved on 27 March 2006, three months after the date of filing of a return upon the holding of the final meeting.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

17 PROPERTY, PLANT AND EQUIPMENT

Group 2005	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations and improvements RM'000	Computer equipment and software RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
Cost									
Balance as at the beginning of the financial year	145,955	1,047	134,372	528,482	141,670	661,420	213,160	25,812	1,851,918
Additions	-	-	-	3,518	11,516	47,702	7,676	2,578	72,990
Disposals	-	-	(3,299)	(2,128)	(789)	(2,040)	(3,364)	(4,895)	(16,515)
Written off	-	-	-	-	(5,495)	(25,715)	(4,818)	(12)	(36,040)
Exchange difference	(35)	-	(2,242)	(1,174)	(204)	(460)	(333)	(46)	(4,494)
Reclassifications	-	-	-	-	8,024	1,572	(9,270)	(326)	-
Balance as at the end of the financial year	145,920	1,047	128,831	528,698	154,722	682,479	203,051	23,111	1,867,859
Accumulated depreciation									
Balance as at the beginning of the financial year	-	384	3,842	69,554	110,314	463,097	192,108	16,685	855,984
Charge for the financial year	-	28	444	9,619	9,056	72,942	10,694	2,862	105,645
Disposals	-	-	(218)	(438)	(406)	(2,015)	(3,256)	(4,549)	(10,882)
Written off	-	-	-	-	(5,419)	(25,625)	(4,796)	(6)	(35,846)
Exchange difference	-	-	(1)	(238)	(119)	(252)	(321)	(41)	(972)
Reclassifications	-	-	-	-	474	1,442	(3,037)	1,121	-
Balance as at the end of the financial year	-	412	4,067	78,497	113,900	509,589	191,392	16,072	913,929
Accumulated impairment loss									
Balance as at the beginning of the financial year	-	-	24,005	3,508	-	2,925	-	-	30,438
Charge for the financial year	-	-	-	-	-	1,365	-	-	1,365
Exchange difference	-	-	(470)	(13)	-	-	-	-	(483)
Balance as at the end of the financial year	-	-	23,535	3,495	-	4,290	-	-	31,320
Net book value as at the end of the financial year	145,920	635	101,229	446,706	40,822	168,600	11,659	7,039	922,610

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued) 2004	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations and improvements RM'000	Computer equipment and software RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
Cost	145,955	1,047	134,372	528,482	141,670	661,420	213,160	25,812	1,851,918
Accumulated depreciation	-	(384)	(3,842)	(69,554)	(110,314)	(463,097)	(192,108)	(16,685)	(855,984)
Accumulated impairment loss	-	-	(24,005)	(3,508)	-	(2,925)	-	-	(30,438)
Net book value as at the end of the financial period	145,955	663	106,525	455,420	31,356	195,398	21,052	9,127	965,496

Included in the net book value of motor vehicles is an amount of RM1,257,000 (2004: RM1,760,000) which is purchased under hire-purchase arrangement.

Included in the freehold land and buildings is a property at net book value of RM262,197,000 (2004: RM267,052,000) belonging to a wholly-owned subsidiary which has been charged as collateral for the Company's borrowings as at 31 December 2005.

The above property, plant and equipment include the following assets under construction:

	Group	
	2005 RM'000	2004 RM'000
At cost		
Renovations	5,013	5,992
Computer equipment and software	12,750	11,232
	17,763	17,224

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2005	Computer equipment and software RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
Cost					
Balance as at the beginning of the financial year	142	28	2,514	–	2,684
Additions	173	483	–	214	870
Balance as at the end of the financial year	315	511	2,514	214	3,554
Accumulated depreciation					
Balance as at the beginning of the financial year	48	15	754	–	817
Charge for the financial year	62	101	503	43	709
Balance as at the end of the financial year	110	116	1,257	43	1,526
Net book value as at the end of the financial year	205	395	1,257	171	2,028
2004					
Cost	142	28	2,514	–	2,684
Accumulated depreciation	(48)	(15)	(754)	–	(817)
Net book value as at the end of the financial period	94	13	1,760	–	1,867

Included in the net book value of motor vehicles is an amount of RM1,257,000 (2004: RM1,760,000) which is purchased under hire-purchase arrangement.

18 GOODWILL

	Group	
	2005 RM'000	2004 RM'000
Balance as at the beginning of the financial year/period	1,172,195	1,193,195
Goodwill written off	(4,025)	–
Fair value adjustment on assets acquired in previous year	(657)	(21,000)
Balance as at the end of the financial year/period	1,167,513	1,172,195

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

19 DEPOSITS FROM CUSTOMERS

	Group	
	2005 RM'000	2004 RM'000
Demand deposits	13,641,429	12,749,497
Savings deposits	4,722,989	4,521,857
Fixed deposits	29,522,918	32,561,105
Promissory notes	–	199,000
Negotiable instrument of deposits	2,033,774	135,793
	49,921,110	50,167,252

(a) The maturity structure of fixed deposits, promissory notes and negotiable instrument of deposits is as follows:

Due within six months	25,055,900	25,687,741
Six months to one year	5,992,128	6,679,131
One year to three years	418,740	454,580
Three years to five years	86,059	74,436
Over five years	3,865	10
	31,556,692	32,895,898

(b) The deposits are sourced from the following classes of customers:

Government and statutory bodies	3,181,956	4,125,423
Business enterprises	22,649,695	22,843,687
Individuals	22,823,334	22,079,018
Others	1,266,125	1,119,124
	49,921,110	50,167,252

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2005 RM'000	2004 RM'000
Licensed banks	7,179,159	4,411,084
Licensed finance companies	62,770	219,220
Licensed merchant banks	523,788	478,065
BNM	948,947	861,763
Other financial institutions	2,314,167	1,153,810
	11,028,831	7,123,942

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

21 CLIENTS' AND BROKERS' BALANCES

Included in clients' and brokers' balances are clients' trust balances held by the stockbroking subsidiary in trust of RM43,894,000 (2004: RM128,862,000).

22 OTHER LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other creditors and accruals	444,172	310,596	7,972	6,676
Accrued interest payable	347,041	290,927	30,466	15,287
Amount due to BNM (a)	256,738	223,414	–	–
Accruals for operational expenses	146,772	143,661	–	–
General insurance fund (b)	130,055	115,265	–	–
Short term employee benefits	83,015	45,609	–	–
Lessee deposits	80,935	74,063	–	–
Hire-purchase instalment received in advance	51,594	53,547	–	–
Remisiers' trust deposits	8,954	13,085	–	–
Amount due to Danaharta (c)	1,909	53,355	–	–
Hire-purchase creditors (d)	1,624	1,996	1,624	1,996
Amount payable for creation of units due to funds	865	14,038	–	–
Credit Guarantee Corporation Funding Program	704	757	–	–
	1,554,378	1,340,313	40,062	23,959

(a) Amount due to BNM

The amount due to BNM mainly comprises collections on ex-Sime Bank's non-performing loans sold to BNM which are managed by RHB Bank. Amount due to BNM was subject to interest at rates ranging from 2.79% to 2.88% (2004: 2.80% to 3.27%) per annum.

(b) General insurance fund

	Group	
	2005 RM'000	2004 RM'000
Provision for outstanding claims	80,153	74,801
Unearned premium reserve	49,902	40,464
	130,055	115,265

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

22 OTHER LIABILITIES (CONTINUED)

(c) Amount due to Danaharta

The amount due to Danaharta mainly comprises collections on ex-Sime Bank's overseas branches non-performing loans sold to Danaharta which is managed by RHB Bank's overseas branches.

(d) Hire-purchase creditors

	Group and Company	
	2005	2004
	RM'000	RM'000
Minimum lease payment		
– not later than one year	471	471
– later than one year and not later than two years	471	471
– later than two years and not later than five years	859	1,330
	1,801	2,272
Future finance charges on hire-purchase	(177)	(276)
Present value of hire-purchase creditors	1,624	1,996
Current	393	372
Non-current	1,231	1,624
	1,624	1,996
Present value of hire-purchase creditors		
– not later than one year	393	372
– later than one year and not later than two years	415	393
– later than two years and not later than five years	816	1,231
	1,624	1,996

Hire-purchase are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The effective average interest rates of hire-purchase creditors at balance sheet date is 5.4% (2004: 5.4%) per annum.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

23 BORROWINGS

		Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Secured:					
Revolving credits	(a)	18,000	318,000	18,000	318,000
Term loans	(a)	240,000	240,000	240,000	240,000
Unsecured:					
Revolving credits	(b)	111,952	127,200	111,952	122,200
Overdrafts	(c)	4,173	35,936	4,173	35,935
Redeemable Serial Fixed Rate					
Bonds 2002/2007	(d)	375,000	500,000	375,000	500,000
7.5% Bonds 2003/2009	(e)	–	200,000	–	200,000
RM600 million 6 years Serial					
Fixed Rate Bonds	(f)	600,000	–	600,000	–
		1,349,125	1,421,136	1,349,125	1,416,135
Maturity period of borrowings:					
Repayable within one year		259,125	586,136	259,125	581,135
One year to three years		490,000	375,000	490,000	375,000
Three years to five years		300,000	460,000	300,000	460,000
Over five years		300,000	–	300,000	–
		1,349,125	1,421,136	1,349,125	1,416,135

The borrowings of the Group and the Company are as follows:

(a) Revolving credits and term loans (secured)

Revolving credit and term loan facilities of RM18,000,000 (2004: RM318,000,000) and RM240,000,000 (2004: RM240,000,000) respectively are secured against:

- (i) a property of a wholly-owned subsidiary ('said property');
- (ii) shares of the Company owned by the holding company;
- (iii) fixed deposits of a subsidiary and the Company of RM1,500,000 (2004: RM1,500,000) and RM382,000 (2004: RM371,000) respectively;
- (iv) assignment of rental proceeds from the said property; and
- (v) corporate guarantee by a subsidiary of RM260,000,000 (2004: RM260,000,000).

The secured revolving credit facilities and term loans bear interest at rates ranging from 5.05% to 5.35% (2004: 3.60% to 5.35%) and 6.00% to 7.50% (2004: 7.50%) per annum respectively.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

23 BORROWINGS (CONTINUED)

(b) Revolving credits (unsecured)

The unsecured revolving credit facilities of RM111,952,000 (2004: RM127,200,000) bear interest at rates ranging from 4.21% to 5.90% (2004: 3.97% to 5.75%) per annum.

(c) Overdrafts (unsecured)

The unsecured overdrafts bear interest at rates ranging from 8.00% to 8.30% (2004: 7.25% to 8.00%) per annum.

(d) Redeemable Serial Fixed Rate Bonds 2002/2007

On 1 November 2002, the Company issued RM500 million in aggregate nominal value of redeemable unsecured serial fixed rate bonds ('Serial Bonds'). The Serial Bonds comprising 3 series are as follows:

Series	Nominal value RM'million	Maturity date	Coupon rate (per annum)
1	125.0	1 November 2005	6.0%
2	125.0	1 November 2006	6.2%
3	250.0	1 November 2007	6.4%

The coupon payment is payable semi-annually in arrears in May and November each year, from May 2003 with the final coupon payment to be made on the respective maturity dates of each series.

A sinking fund is created by the Company and administered by the trustee of the Serial Bonds to ensure repayment of the Serial Bonds on maturity date. Dividend income from subsidiaries received by the Company will first be credited into the said sinking fund to ensure the following balances are met at their respective dates:

	Minimum balance RM'million
As at 30 April 2004	50.0
As at 30 April 2005	125.0
As at 30 April 2006	125.0
As at 30 April 2007	125.0

(e) 7.5% Bonds 2003/2009

The Company had on 4 April 2003 issued RM200 million nominal amount of bonds 2003/2009 ('Bonds 2003/2009'). The Bonds 2003/2009, with a tenure of 6 years, bear interest at the rate of 7.5% per annum, payable semi-annually in arrears, from October 2003.

The Company had on 17 January 2005 fully redeemed the Bonds 2003/2009 by utilising part of the proceeds from the RM600 million 6 years Serial Fixed Rate Bonds as disclosed in Note 23(f).

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

23 BORROWINGS (CONTINUED)

(f) RM600 million 6 years Serial Fixed Rate Bonds

On 11 January 2005, the Company issued RM600 million nominal value of 6 years Serial Fixed Rate Bonds. The Serial Bonds comprising 3 series are as follows:

Series	Nominal value RM'million	Maturity date	Coupon rate (per annum)
1	150.0	11 January 2009	6.2%
2	150.0	11 January 2010	6.7%
3	300.0	11 January 2011	7.2%

The coupon payment is payable semi-annually in arrears in July and January each year, with the final coupon payment to be made on the respective maturity dates of each series.

24 SUBORDINATED OBLIGATIONS

		Group	
		2005 RM'000	2004 RM'000
8.2% RM165 million Tier II Subordinated Bonds 2002/2012	(a)	165,000	165,000
6.85% RM800 million Tier II Subordinated Bonds 2002/2012	(b)	800,000	800,000
6.625% USD150 million Tier II Subordinated Notes 2002/2013*	(c)	565,252	568,080
		<u>1,530,252</u>	<u>1,533,080</u>

* Net of unaccreted discount of RM1.7 million (2004: RM1.9 million)

(a) 8.2% RM165 million Tier II Subordinated Bonds 2002/2012

On 9 December 2002, RHB Sakura issued a 10-year non-callable 5-year Subordinated Bonds for an aggregate nominal value of RM165 million at par ('Sub Bonds'). The Sub Bonds are redeemable unsecured subordinated obligations of RHB Sakura and qualified as Tier II capital for the purpose of BNM's capital adequacy requirements.

The Sub Bonds constitute redeemable unsecured obligations of RHB Sakura, subordinated in right and priority of payment, to the extent and in the manner provided in the terms of the Sub Bonds, to all deposit liabilities and other liabilities of RHB Sakura except those liabilities which by their terms rank *pari passu* in right of priority of payment with or subordinate to the Sub Bonds. The Sub Bonds are, in the event of a distribution of assets in the winding up or liquidation of RHB Sakura, rank senior to the share capital of RHB Sakura.

The Sub Bonds was used as part settlement of the transfer consideration paid by RHB Sakura for the Transfer of the Securities and Securities Related Business Entities from the Company to RHB Sakura pursuant to the Group Restructuring Scheme of the RHB Group.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

24 SUBORDINATED OBLIGATIONS (CONTINUED)

(a) 8.2% RM165 million Tier II Subordinated Bonds 2002/2012 (continued)

The coupon for the Sub Bonds shall be accrued at the rate of 8.2% per annum and commencing from the beginning of the sixth year from the issue date, the coupon rate shall be stepped up to 10.7% per annum to the maturity date. Coupon payments are payable semi-annually in arrears, with the last payment to be made on the maturity date.

(b) 6.85% RM800 million Tier II Subordinated Bonds 2002/2012

On 24 December 2002, RHB Bank issued a RM800 million nominal value 10-year redeemable unsecured Subordinated Bonds ('Sub-Bonds'). The Sub-Bonds are due in 2012. The Sub-Bonds may be redeemed at par at the option of RHB Bank on its fifth anniversary date ('First Redemption Date') or on each anniversary of the First Redemption Date up to the maturity date.

Interest on the Sub-Bonds shall be accrued at 6.85% per annum for the first five years ('Initial Coupon'). From the First Redemption Date onwards until the maturity date, the coupon rate shall be increased by 1.5% above the Initial Coupon rate or be equivalent to the base lending rate of Malayan Banking Berhad prevailing as at the First Redemption Date plus 1.5% whichever is higher. Interest is payable semi-annually in arrears from the date of issuance until the maturity date.

The Sub-Bonds constitute direct, unconditional, subordinated and unsecured obligations of RHB Bank, and will rank *pari passu* without any preference amongst themselves.

(c) 6.625% USD150 million Tier II Subordinated Notes 2002/2013

On 27 December 2002, RHB Bank issued a USD150 million nominal value (RM570 million equivalent) 10-year Subordinated Notes ('Sub-Notes') due 2013, callable with step-up in 2008 at 6.625% maturing on 25 January 2013. RHB Bank may at its option, subject to prior written approval of BNM, redeem the Sub-Notes on 25 January 2008 at their principal amount plus accrued interest. In addition, RHB Bank may at its option, subject to prior written approval as aforesaid, redeem the Sub-Notes at any time at their principal amount plus accrued interest in the event of certain changes affecting taxation in Malaysia as described under the 'Terms and Conditions of the Notes - Redemption and Purchase'.

Interest on the Sub-Notes shall be accrued at 6.625% per annum from issue date to, but excluding 25 January 2008 and, thereafter, at rate per annum equal to the US Treasury Rate (as defined under 'Terms and Conditions of the Notes - Interest') plus 6.475%. Interest is payable in arrears on 25 July and 25 January in each year, commenced on 25 July 2003.

The Sub-Notes constitute direct, unsecured and subordinated obligations of RHB Bank, and will rank *pari passu* with the RM800 million Sub-Bonds due in 2012. The Sub-Notes will rank *pari passu* without any preference amongst themselves.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

25 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS')

The salient features of the INCPS are as follows:

- (a) A non-cumulative preferential dividend (less tax) at the following rates:
 - (i) for the period from the date of issue of INCPS to the day preceding the fifth anniversary date of issue of the INCPS, a non-cumulative preferential dividend at the rate of 8% (less tax) per annum; and
 - (ii) thereafter, a non-cumulative preferential dividend at the rate of 10% (less tax) per annum.
- (b) Save and except that the INCPS shall rank in priority to RHB Bank ordinary shares with regards to the preferential dividend, and with regards to the return of capital in the event of winding up, the INCPS holders have no right to participate in the surplus assets and profits of RHB Bank.
- (c) The INCPS carry no right to attend and vote at general meetings of RHB Bank unless the dividends on the INCPS are in arrears for more than 3 months or the general meeting is:
 - (i) for any resolution which varies or is deemed to vary the rights and privileges of such INCPS; or
 - (ii) for any resolution for winding up of RHB Bank.
- (d) Holders of the INCPS have the option of converting the INCPS into new RHB Bank ordinary shares in the first 5 years from the date of issue of the INCPS ('Conditional Conversion Period') should:
 - (i) RHB Bank cease to be a subsidiary of the Company; or
 - (ii) the risk weighted capital adequacy ratio of RHB Bank falls to a level at or below 8.5% and this is not remedied within 3 months from the occurrence of such event; or
 - (iii) at any time the aggregate of dividends which are missed and not paid, exceed 4% of the par value of the INCPS; or
 - (iv) at any time after the Conditional Conversion Period, at the Optional Conversion Price. The Optional Conversion Price means the consolidated net assets per RHB Bank ordinary share based on its consolidated management financial statements immediately preceding the date of conversion multiplied by 1.2 times. The Optional Conversion Price is subject to adjustments under certain circumstances in accordance with the terms of the INCPS.
- (e) In the event RHB Bank undertakes an initial public offering of shares for the purpose of seeking a listing on the Bursa Securities, the outstanding INCPS will be mandatorily converted based on a specified price which would yield a return of 12% per annum on the INCPS.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

26 SHARE CAPITAL

	Company	
	2005	2004
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1.00 each		
Balance as at the beginning/end of the financial year/period	<u>2,500,000</u>	<u>2,500,000</u>
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance as at the beginning of the financial year/period	<u>1,823,475</u>	<u>1,823,468</u>
Issue of shares pursuant to exercise of Warrants 1994/2004	<u>-</u>	<u>7</u>
Balance as at the end of the financial year/period	<u>1,823,475</u>	<u>1,823,475</u>

27 RESERVES

The reserve funds represent non-distributable profits held by the banking and finance subsidiaries in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and Section 18 of the Singapore Finance Companies (Amendment) Act 1994. These funds are not distributable as cash dividends.

The other reserves comprise share premium of a subsidiary consolidated after the Scheme of Arrangement under Section 176 of the Companies Act, 1965, undertaken by the Company and the subsidiary in 1994, whereby the Company acquired the entire issued and fully paid up share capital of that subsidiary via an exchange of shares.

The AFS reserves are in respect of unrealised fair value gain and loss on securities AFS.

28 RETAINED PROFITS

Based on the estimated tax credits available, the prevailing tax rate applicable to dividends and subject to agreement with the tax authorities, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 and tax exempt income to frank dividends of approximately RM342,000,000 (2004: RM160,000,000) and RM178,000,000 (2004: RM178,000,000) respectively out of its retained profits as at 31 December 2005. Dividends declared in excess of the said amount would be subject to income tax liability at the rate of 28%.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

29 INTEREST INCOME

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Loans, advances and financing				
– interest income other than recoveries				
from non-performing loans	2,345,866	3,140,594	–	–
– recoveries from non-performing loans	180,131	339,069	–	–
Money at call, deposits and placements with financial institutions	380,632	296,426	3,511	2,039
Securities held-for-trading	94,602	221,833	–	–
Securities AFS	71,525	95,332	–	–
Securities held-to-maturity	436,512	397,624	–	–
Margin financing	7,461	5,818	–	–
Others	78,118	108,759	75,245	101,591
	3,594,847	4,605,455	78,756	103,630
Amortisation of premium less accretion of discount	(8,645)	(22,140)	–	–
Interest suspended	(75,078)	(127,777)	–	–
	3,511,124	4,455,538	78,756	103,630

30 INTEREST EXPENSE

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Deposits and placements of banks and other financial institutions	192,337	174,408	–	–
Deposits from customers	1,179,654	1,616,779	–	–
Borrowings	103,039	118,699	102,603	122,837
Subordinated obligations	106,079	159,815	–	–
Recourse obligation on loans sold to Cagamas	156,770	167,734	–	–
Others	146,992	123,858	7,081	7,919
	1,884,871	2,361,293	109,684	130,756

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

31 OTHER OPERATING INCOME

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Fee income				
Service charges and fees	147,581	176,741	–	–
Commission	95,606	125,857	–	–
Brokerage	51,167	109,746	–	–
Commitment fees	37,760	52,770	–	–
Guarantee fees	30,405	44,407	–	–
Unit trust fee income	24,433	37,599	–	–
Arrangement fees	15,316	10,106	–	–
Corporate advisory fees	7,850	15,684	–	–
Fund management fees	6,567	9,059	–	–
Underwriting fees	5,476	6,842	–	–
Rollover fees	5,388	815	–	–
Placement fees	634	3,400	–	–
Other fee income	13,318	28,391	–	–
	441,501	621,417	–	–
Net gain/(loss) arising from sale/redemption of securities and derivatives				
Net gain from sale of				
– securities held-for-trading	80,594	52,075	–	–
– securities AFS	48,498	57,958	–	–
Net gain from redemption of				
– securities held-to-maturity	27,234	357	–	–
Derivatives	(33)	(1,032)	–	–
	156,293	109,358	–	–
Unrealised (loss)/gain on revaluation of securities and derivatives				
Securities held-for-trading	(8,258)	(31,116)	–	–
Derivatives	6,699	(8,151)	–	–
	(1,559)	(39,267)	–	–
Gross dividend income from				
Securities held-for-trading	1,746	7,758	–	–
Securities AFS	3,719	–	–	–
Securities held-to-maturity	680	810	–	–
Subsidiaries	–	–	355,670	235,919
	6,145	8,568	355,670	235,919

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

31 OTHER OPERATING INCOME (CONTINUED)

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Other income				
Foreign exchange gain/(loss)				
– realised	150,210	151,694	–	–
– unrealised	(16,604)	17,965	475	–
Underwriting surplus before management expenses	23,731	42,497	–	–
Rental income	3,150	5,517	–	–
Net gain on disposal of property, plant and equipment	1,613	3,071	–	–
Gain on allocation of Bursa Malaysia shares	–	12,492	–	–
Other operating income	14,092	21,691	1,643	–
Other non-operating income	3,419	3,198	90	–
	179,611	258,125	2,208	–
	781,991	958,201	357,878	235,919

32 INCOME FROM ISLAMIC BANKING BUSINESS

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Income derived from investment of depositors' fund	261,627	320,383
Income derived from investment of shareholders' fund	39,572	40,201
	301,199	360,584
Transfer (to)/from PER	(13,277)	6,970
	287,922	367,554
Income attributable to deposits	(140,248)	(170,486)
	147,674	197,068

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

33 OTHER OPERATING EXPENSES

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Personnel costs				
Salaries, bonus, wages and allowances	524,387	721,779	14,364	18,592
Defined contribution plan	78,906	107,293	1,992	3,246
Other staff related costs	53,166	72,940	2,053	1,902
	656,459	902,012	18,409	23,740
Establishment costs				
Property, plant and equipment				
– depreciation	105,645	166,919	709	805
– written off	194	3,724	–	–
Information technology expenses	74,574	100,204	31	17
Repair and maintenance	45,611	71,365	540	259
Rental of premises	31,689	46,194	1,488	577
Water and electricity	15,507	22,308	53	9
Rental of equipment	6,997	8,052	48	2
Insurance	5,070	6,775	3	2
Others	7,294	9,199	–	191
	292,581	434,740	2,872	1,862
Marketing expenses				
Dealers' handling fee	51,741	33,854	–	–
Advertisements and publicity	41,429	39,980	1,939	2,278
Sales commission	24,488	14,879	–	–
Others	25,258	27,516	1,138	303
	142,916	116,229	3,077	2,581

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

33 OTHER OPERATING EXPENSES (CONTINUED)

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Administration and general expenses				
Auditors' remuneration				
– statutory audit	2,480	1,211	190	170
– special audit	–	2,145	–	184
– non-audit	549	386	337	89
Communication expenses	76,217	93,415	373	–
Legal and professional fee	17,536	18,484	7,573	7,303
Loss on liquidation of an associate	17,251	–	36,000	–
Loss on transfer of investment in a subsidiary	–	–	48	–
Others	38,451	92,788	450	4,247
	152,484	208,429	44,971	11,993
	1,244,440	1,661,410	69,329	40,176

Included in the personnel costs of the Group and Company are directors' remuneration (excluding estimated monetary value of benefits-in-kind) totalling RM5,451,000 (2004: RM16,362,000) and RM3,469,000 (2004: RM14,050,000) respectively as disclosed in Note 34.

34 DIRECTORS' REMUNERATION

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Executive director				
Salaries, bonus and other remuneration	2,568	11,240	2,568	11,240
Defined contribution plan	514	2,248	514	2,248
Estimated monetary value of benefits-in-kind	69	21	69	21
	3,151	13,509	3,151	13,509
Non-executive directors				
Fees	598	800	128	206
Other remuneration	1,771	2,074	259	356
Estimated monetary value of benefits-in-kind	89	21	–	–
	2,458	2,895	387	562
	5,609	16,404	3,538	14,071

The list of directors is disclosed in the Directors' Report.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

35 ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Specific allowance		
– made during the financial year/period	769,909	1,213,754
– written back	(188,169)	(415,640)
	581,740	798,114
General allowance		
– made during the financial year/period	97,758	29,882
Bad debts		
– written off	117	123
– recovered	(57,081)	(44,556)
(Write-back)/allowance on amount recoverable from Danaharta during the financial year/period	(78,795)	5,552
Final settlement received from Danaharta	(6,646)	(118,246)
	537,093	670,869

The Group has evaluated its portfolio of non-performing loans that had been in default and remained uncollected for more than 7 years and also those non-performing loans in default for more than 5 years but less than 7 years. For the loans in default for more than 7 years, no value is assigned as the realisable value of collateral. For the loans in default for more than 5 years but less than 7 years, 50% of the realisable value of asset held has been assigned as collateral value. The effect of this exercise amounted to RM179,409,000 (2004: RM86,599,000).

36 IMPAIRMENT LOSS

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Charged for the financial year/period		
– securities AFS	103,963	29,669
– securities held-to-maturity	13,294	56,497
– property, plant and equipment	1,365	13,039
	118,622	99,205
Reversal for the financial year/period		
– securities AFS	(7,797)	(34,656)
– securities held-to-maturity	(25,013)	(14,498)
	(32,810)	(49,154)
	85,812	50,051

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

37 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS') DIVIDENDS

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
INCPS dividends paid and payable – 10% (2004: 8% to 10%) per annum (gross)	110,447	152,915

The INCPS dividends are paid in accordance with the terms of the INCPS (refer to Note 25).

38 TAXATION

	Group		Company	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Income tax based on profit for the financial year/period				
– Malaysian income tax	238,139	251,565	90,593	56,164
– overseas tax	795	4,948	–	2,194
Deferred tax (Note 14)	(47,226)	(54,789)	–	–
Tax on INCPS dividends	(30,925)	(42,817)	–	–
	160,783	158,907	90,593	58,358
Over provision in respect of prior years	(15,931)	(19,704)	(2,694)	(28,062)
	144,852	139,203	87,899	30,296

The tax rates applicable to the respective countries at the balance sheet date are as follows:

	2005 %	2004 %
Malaysia	28.0	28.0
Singapore	20.0	20.0

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

38 TAXATION (CONTINUED)

The numeric reconciliation between the applicable statutory income tax rate to the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	12 months ended 31.12.2005 %	18 months ended 31.12.2004 %	12 months ended 31.12.2005 %	18 months ended 31.12.2004 %
Tax at Malaysian statutory tax rate	28.0	28.0	28.0	28.0
Tax effects in respect of:				
Effect of different tax rate in Labuan/other countries	(2.9)	(4.7)	–	(0.4)
Non taxable income	(0.6)	(0.7)	(0.2)	–
Non allowable expenses	5.1	4.1	7.3	7.0
Over provision in respect of prior years	(2.7)	(4.0)	(1.0)	(16.6)
Other temporary differences not recognised in prior years	(1.7)	(3.2)	–	–
Effective tax rate	25.2	19.5	34.1	18.0

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Tax savings recognised during the financial year/period arising from utilisation of tax losses brought forward from previous financial years	8,289	15,572

39 EARNINGS PER SHARE

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
Net profit for the financial year/period	315,778	441,510
Weighted average number of ordinary shares in issue ('000)	1,823,475	1,823,468
Basic earnings per share (sen)	17.3	24.2

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

40 ORDINARY DIVIDENDS

	Group and Company			
	12 months ended 31.12.2005		18 months ended 31.12.2004	
	Gross dividend per share	Amount of dividends, net 28% tax	Gross dividend per share	Amount of dividends, net 28% tax
First interim dividend	3.5%	45,952	3.0%	39,387
Second interim dividend	–	–	3.5%	45,951
Third interim dividend	–	–	3.5%	45,951
	3.5%	45,952	10.0%	131,289

41 COMMITMENTS AND CONTINGENCIES

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

The commitments and contingencies comprise the following:

Group	2005			2004		
	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	1,633,122	1,633,122	1,471,038	1,796,398	1,796,398	1,614,548
Transaction-related contingent items	2,372,978	602,990	482,809	1,052,316	526,158	432,957
Short term self-liquidating trade-related contingencies	1,978,963	395,793	211,860	1,923,997	384,799	179,089
Obligations under underwriting agreements	511,353	131,620	131,620	409,444	204,722	204,722
Housing loans sold directly and indirectly to Cagamas with recourse	44,062	44,062	22,031	54,080	54,080	27,040
Irrevocable commitments to extend credit						
- maturity not exceeding one year	20,135,748	–	–	17,671,810	–	–
- maturity exceeding one year	3,605,340	1,802,669	1,471,014	3,243,485	1,621,743	1,219,927
Foreign exchange-related contracts						
- less than one year	7,924,399	116,479	38,257	13,899,588	172,469	19,060
- one year to less than five years	152,670	9,364	5,665	199,500	15,860	3,078
Interest rate-related contracts						
- less than one year	1,154,000	634	127	990,000	1,503	363
- one year to less than five years	5,850,918	111,743	34,874	2,176,000	40,956	12,565
- more than five years	188,485	6,633	2,021	–	–	–
Others	563,202	21,079	21,032	541,088	–	–
	46,115,240	4,876,188	3,892,348	43,957,706	4,818,688	3,713,349

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

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

41 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

42 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long term commitments, net of sub-leases, is as follows:

	Group	
	2005 RM'000	2004 RM'000
Rental of premises		
Within one year	19,772	19,011
Between one to five years	16,551	16,927
More than five years	1,483	505
	<u>37,806</u>	<u>36,443</u>

43 CAPITAL COMMITMENTS

	Group	
	2005 RM'000	2004 RM'000
Capital expenditure for property, plant and equipment:		
– authorised and contracted for	42,900	31,913
– authorised but not contracted for	36,290	44,449
	<u>79,190</u>	<u>76,362</u>

44 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationships

The related parties of, and their relationship with the Company are as follows:

Related parties	Relationship
Rashid Hussain Berhad	Holding and Ultimate holding company
RHB Property Management Sdn Bhd	}
RHB-DAEWOO Sdn Bhd	}
Bandar Wawasan Management Sdn Bhd	}
RHB Kawal Sdn Bhd	}
RHB Management Company Sdn Bhd	} Subsidiaries of Holding and Ultimate holding company
RHB Modal-Ekuiti Sdn Bhd	}
RHB Health Care Sdn Bhd	}
RHB Noble 1 (L) Ltd	}
Subsidiaries of the Company as disclosed in Note 15	Subsidiaries

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

44 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions

The following are the significant related party transactions (other than those separately disclosed in the notes to the financial statements) in respect of transactions entered into during the financial year/period.

	Group	
	12 months ended 31.12.2005 RM'000	18 months ended 31.12.2004 RM'000
(i) Interest income		
RHB	<u>75,245</u>	<u>101,591</u>
(ii) Other operating expenses		
RHB Property Management Sdn Bhd - property management fees	9,931	14,766
RHB Management Company Sdn Bhd - management fees	–	12,410
RHB Kawal Sdn Bhd - security service fees	<u>4,525</u>	<u>8,503</u>

45 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments and geographical segments.

Inter-segment transactions are conducted on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

Unallocated expenses comprise all back-office processes, cost centres which support the operating businesses and non-profit generating divisions in the Group. It includes corporate expenses that are not allocated to individual business segments. These expenses are not directly attributed to the business segments and cannot be allocated on a reasonable basis. The funding cost of subsidiaries and associates are included in this category.

(a) Primary reporting format - by business segments

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

Wholesale banking

Wholesale banking caters to funding or lending needs of corporate customers including public listed corporations and its related entities, multinational corporations (including Japanese), financial institutions, Government and state owned entities and small and medium enterprises. Included under wholesale banking are offshore banking activities carried out by RHB Bank (L) Ltd, of which borrowing and lending facilities are offered in major currencies mainly to corporate customers. This segment also includes lease financing activities carried out by RHB Leasing Sdn Bhd which is predominantly to middle market customers.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

45 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - by business segments (continued)

Retail banking

Retail banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, hire-purchase financing, study loans and personal loans), credit cards, remittance services, deposit collection and investment products.

Treasury and money market

Treasury and money market operations are involved in proprietary trading in fixed income securities and foreign exchange, derivatives trading and structuring, managing customer-based foreign exchange and money market transactions, funding and investments in ringgit and foreign currencies.

Islamic Banking business

Islamic Banking business focuses on providing a full range of commercial banking products and services in accordance with the principles of Shariah to individual customers, corporate clients, Government and state owned entities and small and medium sized enterprises.

Financial advisory and underwriting

Financial advisory and underwriting services cover corporate and debt restructuring, stock market listings, public offering of equity and debt instruments, private placement of securities and financial advisory services.

Stockbroking and other securities related business

This segment comprises institutional and retail broking business for securities listed on the Bursa Securities, investment management services, unit trust funds management, futures and options broking and research services.

Insurance

Insurance segment focuses on the underwriting of general insurance business.

Others

Other business segments in the Group include nominee services, property investment and rental, dormant operations and other related financial services, which results are not material to the Group and therefore do not render separate disclosure in the financial statements and have been reported in aggregate.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

45 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - by business segments (continued)

	Wholesale banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic Banking business RM'000	Financial advisory and underwriting RM'000	Stockbroking and other securities related business RM'000	Insurance RM'000	Others RM'000	Intersegment elimination RM'000	Total RM'000
2005										
External revenue	1,557,745	1,429,433	1,069,885	147,674	10,774	99,670	32,454	93,154	-	4,440,789
Intersegment revenue	9,185	6,750	93,027	-	-	-	16,315	25,868	(151,145)	-
Segment revenue	<u>1,566,930</u>	<u>1,436,183</u>	<u>1,162,912</u>	<u>147,674</u>	<u>10,774</u>	<u>99,670</u>	<u>48,769</u>	<u>119,022</u>	<u>(151,145)</u>	<u>4,440,789</u>
Profit before unallocated expenses	405,731	247,605	353,745	107,123	4,324	13,951	24,143	43,797		1,200,419
Unallocated expenses										(511,846)
Profit after unallocated expenses										688,573
Share of profit/(loss) of associates	-	-	-	-	-	541	-	(18)		523
Profit before INCPS dividends, taxation and zakat										689,096
INCPS dividends										(110,447)
Profit after INCPS dividends and before taxation and zakat										578,649
Taxation and zakat										(146,001)
Profit after INCPS dividends, taxation and zakat										<u>432,648</u>
Segment assets	27,337,677	20,960,288	29,493,197	7,603,890	8,762	292,756	252,690	1,507,007		87,456,267
Investments in associates	-	-	-	-	-	4,199	-	11,535		15,734
Tax recoverable										58,466
Deferred tax assets										247,505
Goodwill										1,167,513
Unallocated assets										959,220
Total assets										<u>89,904,705</u>

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

45 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - by business segments (continued)

2005	Wholesale banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic Banking business RM'000	Financial advisory and underwriting RM'000	Stockbroking and other securities related business RM'000	Insurance RM'000	Others RM'000	Total RM'000
Segment liabilities	23,793,074	18,069,695	30,530,077	7,050,168	195	228,081	153,587	53,695	79,878,572
Taxation									26,412
Deferred tax liabilities									2,904
Borrowings									1,349,125
Subordinated obligations									1,530,252
INCPS									1,104,469
Unallocated liabilities									506,339
Total liabilities									84,398,073
Other segment items									
Capital expenditure	4,433	20,413	4,115	6,485	593	2,084	1,545	4,746	44,414 ¹
Depreciation of property, plant and equipment	2,931	36,420	3,197	576	301	4,548	1,480	7,348	56,801 ¹
Other non-cash expenses other than depreciation	439,041	262,449	15,284	16,430	472	19,444	608	5,794	759,522 ²

Notes:

1. Excluding capital expenditure and depreciation of support divisions that are not directly attributed to the business segments and cannot be allocated on a reasonable basis amounting to RM28,576,000 and RM48,844,000 respectively.
2. Included in other non-cash expenses other than depreciation are allowance for losses on loans and financing, impairment loss, interest suspended and accretion of discount less amortisation of premium.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

45 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - by business segments (continued)

	Wholesale banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic Banking business RM'000	Financial advisory and underwriting RM'000	Stockbroking and other securities related business RM'000	Insurance RM'000	Others RM'000	Intersegment elimination RM'000	Total RM'000
2004										
External revenue	2,232,106	1,730,647	1,056,111	197,068	28,165	186,108	59,303	121,299	–	5,610,807
Intersegment revenue	6,772	11,673	38,059	–	–	838	11,390	35,311	(104,043)	–
Segment revenue	2,238,878	1,742,320	1,094,170	197,068	28,165	186,946	70,693	156,610	(104,043)	5,610,807
Profit before unallocated expenses	617,510	382,157	297,263	67,971	21,741	64,801	42,317	71,272		1,565,032
Unallocated expenses										(697,848)
Profit after unallocated expenses										867,184
Share of profit/(loss) of associates	–	–	–	–	–	2,693	–	(30)		2,663
Profit before INCPS dividends, taxation and zakat										869,847
INCPS dividends										(152,915)
Profit after INCPS dividends and before taxation and zakat										716,932
Taxation and zakat										(140,008)
Profit after INCPS dividends, taxation and zakat										576,924
Segment assets	27,052,550	17,381,759	27,087,637	6,203,333	3,651	346,227	220,896	1,472,265		79,768,318
Investments in associates	–	–	–	–	–	4,601	–	11,534		16,135
Tax recoverable										64,457
Deferred tax assets										208,556
Goodwill										1,172,195
Unallocated assets										907,605
Total assets										82,137,266

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

45 SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - by business segments (continued)

	Wholesale banking RM'000	Retail banking RM'000	Treasury and money market RM'000	Islamic Banking business RM'000	Financial advisory and underwriting RM'000	Stockbroking and other securities related business RM'000	Insurance RM'000	Others RM'000	Total RM'000
2004									
Segment liabilities	24,553,495	16,476,188	25,057,267	5,706,425	699	339,432	136,034	47,089	72,316,629
Taxation									7,655
Deferred tax liabilities									4,453
Borrowings									1,421,136
Subordinated obligations									1,533,080
INCPS									1,104,469
Unallocated liabilities									591,819
Total liabilities									76,979,241
Other segment items									
Capital expenditure	7,033	59,629	11,146	627	262	4,867	3,166	6,210	92,940 ¹
Depreciation of property, plant and equipment	3,960	68,991	3,245	429	254	10,106	1,843	9,845	98,673 ¹
Other non-cash expenses other than depreciation	562,063	194,748	21,746	66,178	(4,621)	491	(294)	7,130	847,441 ²

Notes:

1. Excluding capital expenditure and depreciation of support divisions that are not directly attributed to the business segments and cannot be allocated on a reasonable basis amounting to RM61,720,000 and RM68,246,000 respectively.
2. Included in other non-cash expenses other than depreciation are allowance for losses on loans and financing, impairment losses, interest suspended and accretion of discount less amortisation of premium.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

45 SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format - by geographical segments

The geographical information is prepared based on the location of the assets. The Group's activities are principally conducted in Malaysia.

	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
2005			
Malaysia	4,267,985	85,348,497	70,654
Outside Malaysia	172,804	4,556,208	2,336
	<u>4,440,789</u>	<u>89,904,705</u>	<u>72,990</u>
2004			
Malaysia	5,426,724	78,018,518	143,223
Outside Malaysia	184,083	4,118,748	11,437
	<u>5,610,807</u>	<u>82,137,266</u>	<u>154,660</u>

46 HOLDING AND ULTIMATE HOLDING COMPANY

The holding and ultimate holding company is RHB, a company incorporated in Malaysia.

47 CAPITAL ADEQUACY RATIO

(a) The capital adequacy ratio is as follows:

	Group	
	2005 RM'000	2004 RM'000
Tier I capital		
Paid-up ordinary share capital	1,823,475	1,823,475
Paid-up INCPS	1,104,469	1,104,469
Share premium	1,114,593	1,114,593
Other reserves	1,558,620	1,284,038
Deferred tax assets	(247,505)	(208,556)
Deferred tax liabilities	2,904	4,453
Minority interests	1,014,077	945,646
Less: Goodwill	(1,167,513)	(1,172,195)
	<u>5,203,120</u>	<u>4,895,923</u>
Total Tier I capital		

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

47 CAPITAL ADEQUACY RATIO (CONTINUED)

(a) The capital adequacy ratio is as follows: (continued)

	Group	
	2005 RM'000	2004 RM'000
Tier II capital		
Subordinated obligations	1,530,252	1,533,080
General allowance for bad and doubtful debts	921,583	824,954
Total Tier II capital	<u>2,451,835</u>	<u>2,358,034</u>
Total capital	7,654,955	7,253,957
Less:		
Holdings of other financial institutions capital	(43,710)	–
Total capital base	<u>7,611,245</u>	<u>7,253,957</u>
Before deducting proposed dividends		
Core capital ratio	9.39%	9.91%
Risk-weighted capital adequacy ratio	<u>13.73%</u>	<u>14.68%</u>
After deducting proposed dividends		
Core capital ratio	9.39%	9.91%
Risk-weighted capital adequacy ratio	<u>13.73%</u>	<u>14.68%</u>

(b) Breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

Group	2005		2004	
	Principal RM'000	Risk weighted RM'000	Principal RM'000	Risk weighted RM'000
0%	20,862,680	–	21,894,512	–
10%	1,280,348	128,035	1,135,604	113,560
20%	11,783,857	2,356,771	11,928,774	2,385,755
50%	11,284,853	5,642,427	11,618,546	5,809,273
100%	45,262,069	45,262,069	41,105,079	41,105,079
Total risk-weighted assets for market risk*	<u>90,473,807</u>	<u>53,389,302</u>	<u>87,682,515</u>	<u>49,413,667</u>
	–	2,045,909	–	–
	<u>90,473,807</u>	<u>55,435,211</u>	<u>87,682,515</u>	<u>49,413,667</u>

* The capital adequacy ratios have incorporated market risk pursuant to BNM's guideline on Market Risk Capital Adequacy Framework which is effective from 1 April 2005.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) RM600 million nominal value of 6 years Serial Fixed Rate Bonds ('RM600 million Bonds')

On 11 January 2005, the Company issued RM600 million Bonds. The proceeds from the issuance of the RM600 million Bonds were utilised as follows:

	RM'million
Partial repayment of the Company's existing short term borrowings	250.0
Early redemption of the Company's 7.5% Bonds 2003/2009	220.0
Working capital	122.3
	<hr/>
	592.3

The balance of RM7.7 million represents discount on the RM600 million Bonds which is amortised throughout the tenure of the Bonds.

- (b) Approval to establish an Islamic Banking subsidiary

On 2 February 2005, an Islamic Banking subsidiary was incorporated under the name of RHB Islamic Bank Berhad ('RHB Islamic Bank') following the receipt of relevant authorities approval. RHB Islamic Bank is a wholly-owned subsidiary of RHB Bank, a 70% subsidiary of the Company.

On 1 March 2005, RHB Islamic Bank received its licence to transact Islamic Banking business with effect from 1 March 2005.

On 10 March 2005, the Company announced that a vesting order has been obtained from the High Court of Malaya on 8 March 2005 which gave full effect to a business transfer agreement executed between RHB Islamic Bank and RHB Bank on 4 March 2005 for the transfer and vesting of the Islamic Banking business of RHB Bank to RHB Islamic Bank ('vesting') subsisting as of 15 March 2005 ('cut-off date'). The vesting took effect on 16 March 2005 which was also the date RHB Islamic Bank began its operations.

The said business transfer agreement was executed after receipt of approval from the Minister of Finance.

In consideration of the said vesting, RHB Islamic Bank had issued ordinary shares of RM1.00 each equal to the net book value of the assets less the liabilities of the Islamic Banking business of RHB Bank as at the cut-off date ('Final Transfer Consideration').

Prior approvals were obtained from Securities Commission for the issue of the said shares to satisfy the Final Transfer Consideration and the Foreign Investment Committee for the transfer and vesting of the Islamic Banking business of RHB Bank to RHB Islamic Bank.

On 27 April 2005, the Company announced that the Final Transfer Consideration has been determined at RM523,424,000, and was satisfied in two tranches, with the first tranche of 455,642,000 ordinary shares of RM1.00 each on 16 March 2005 and the second and final tranche of 67,782,000 ordinary shares of RM1.00 each on the date of the said announcement.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

48 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(b) Approval to establish an Islamic Banking subsidiary (continued)

The first tranche represents the audited net book value of the assets less liabilities of the Islamic Banking business of RHB Bank as at 30 June 2004 ('Provisional Transfer Consideration') whilst the second and final tranche is equal to the difference between the Provisional Transfer Consideration and the Final Transfer Consideration.

RHB Islamic Bank now has a total issued share capital of 523,424,002 ordinary shares of RM1.00 each, all of which has been credited as fully paid-up.

(c) Merger of RHB Bank and RHB Delta Finance's operations

On 12 December 2005, the Company announced that it had been informed by BNM that the Minister of Finance had given approval for the transfer of finance company business of RHB Delta Finance to RHB Bank and RHB Islamic Bank (for the Islamic assets and liabilities).

On 29 December 2005, the High Court granted two vesting orders for:

- (i) The transfer of RHB Delta Finance's assets and liabilities (excluding the Islamic assets and liabilities) to RHB Bank; and
- (ii) The transfer of RHB Delta Finance's Islamic assets and liabilities to RHB Islamic Bank.

Both vesting orders took effect on 1 January 2006 ('Effective Date').

With effect from the Effective Date:

- (i) All assets and liabilities of RHB Delta Finance with the exception of the Islamic assets and liabilities, were transferred to RHB Bank;
- (ii) All businesses and operations of RHB Delta Finance will be conducted through RHB Bank;
- (iii) The Islamic assets and liabilities of RHB Delta Finance were transferred to RHB Islamic Bank; and
- (iv) RHB Leasing Sdn Bhd and RHB Delta Nominees (Tempatan) Sdn Bhd will become direct subsidiaries of RHB Bank.

49 CONTINGENT LIABILITIES

Guarantees issued

As at balance sheet date, the Company has extended unsecured guarantees totalling RM169,500,000 (2004: RM179,500,000) and RM100,000,000 (2004: RM145,000,000) for borrowings and performance of its securities subsidiaries respectively. As at balance sheet date, RM1,000,000 (2004: RM6,000,000) of the borrowings were utilised by the securities subsidiaries of the Company.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

49 CONTINGENT LIABILITIES (CONTINUED)

Other contingent liabilities

(a) The Company

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

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

In view of the above, the Company has not made any provision in relation to the said counterclaim, in the financial statements for the financial year ended 31 December 2005.

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

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

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

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

50 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy is adopted from the main operating subsidiaries' risk management policies. Various programs have been initiated at the operating subsidiaries in order to identify, measure, control and monitor all identifiable risks.

The Group operates within a clearly defined set of principles and guidelines based on best practices that have been approved by the Board. Various working committees were formed at the operating subsidiaries in carrying out the process to ensure that all identifiable risks are addressed and managed adequately.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

The main areas of financial risks faced by the Company and the Group and the policies to address these financial risks in respect of the Company and the major areas of banking activities represented by the commercial bank, RHB Bank, the merchant bank, RHB Sakura and the securities operations, RHB Securities are set out as follows:

RHB CAPITAL BERHAD

Liquidity risk

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding requirements are met. The Company's cash flows is reviewed regularly to ensure that it has sufficient level of cash and cash equivalents to meet its working capital requirements and is able to settle its commitments when they fall due.

Interest rate risk

The Company's primary interest rate risk relates to interest-bearing borrowings. The Company manages its interest rate exposure through the use of fixed and floating rate debt. The objectives for the mix between fixed and floating rate borrowings are set to manage the fluctuations in interest rates and their impact on the Company.

BANKING SUBSIDIARIES: RHB BANK & RHB SAKURA

Market risk

Market risk is the risk of potential loss resulting from adverse movements in the level of market prices or rates, the key components being interest rate risk and foreign currency exchange risk. It is incurred as a result of trading and non-trading activities.

The primary objective of market risk management is to ensure that losses from market risk can be promptly addressed, such that losses are contained within acceptable levels.

A framework of approved risk policies, methodologies and limits, as approved by the respective Boards, controls financial market activities. The Asset Liability Committees ('ALCOs') play a fundamental role in the asset/liability of the banking subsidiaries, and establishes strategies which assist in controlling and reducing any potential exposures to market risk. The Risk Management Divisions play independent roles in the monitoring and assessing of risk exposures arising from these, and report independently to Risk Management Committees of the Boards.

Apart from monitoring compliance with risk policies, methodologies and limits, a number of techniques, both statistical and non-statistical are used to measure and control market risks. Value at Risk ('VAR') method is used for estimation of potential loss arising from positions held for a specified period of time with back-testing against actual financial results.

Extreme market movements are simulated under stress testing scenarios. Stress testing examines the impact that abnormally large movements in market factors, and years of prolonged inactivity, might have on portfolios. The stress test is carried out using multiple scenarios that are continually reviewed and updated to reflect changes in economic events.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

- (a) Financial risk management objectives and policies (continued)

Market risk (continued)

Derivative financial instruments are used principally to hedge exposures to fluctuations in foreign exchange rates and interest rates. Risks of market rate change subsequent to acquisition is generally offset by opposite effects on the items being hedged.

Some specific methods for managing the various types of market risks are:

- (i) Currency risk

Currency risk refers to the risk that earnings and the value of financial instruments will fluctuate due to changes in foreign exchange rates.

There are approved position limit for each currency and an overall total limit. Trading loss limits are imposed on each trading desk and on each individual dealer. The levels of these exposures (including off-balance sheet items) by currency and overall total for both intra-day and overnight positions are monitored daily for compliance with the approved limits. These limits are reviewed regularly and are in line with strategies set by the respective ALCOs.

Foreign and overseas investments, which are funded by purchases with resultant open foreign exchange positions, are monitored and appropriate hedging strategies are undertaken in line with market trends.

- (ii) Interest rate risk

Interest rate risk is the risk to earnings and the value of financial instruments held by the banking subsidiaries caused by fluctuation in the interest rates. Interest rate risks arise from differences in maturities and repricing dates of assets, liabilities and off-balance sheet items.

The respective ALCOs monitor the balance sheet position and assesses it for profit and loss impacts arising from sensitivity to interest rate movements. There are set limits on the level of mismatch of interest rate repricing that may be undertaken, which are monitored monthly. VAR and sensitivity analysis are undertaken to provide guidance towards limiting interest rate risks.

Liquidity risk

The primary objective of liquidity risk management is to ensure that the banking subsidiaries maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

The banking subsidiaries' liquidity risk management is modeled based on BNM's New Liquidity Framework ('NLF'). The NLF analyses cash flows of assets, liabilities and potential off-balance sheet funding requirements under specific normal behaviour assumptions to ensure that the banking subsidiaries have sufficient liquidity to meet potential future cash requirements. In addition to NLF, the banking subsidiaries use various qualitative and quantitative tools and techniques to manage and control liquidity risk.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

- (a) Financial risk management objectives and policies (continued)

Credit risk

Credit risk represents the possibility of loss due to changes in the quality of counterparties and the market price for credit risk assets (collateral).

Credit risk arises from the lending activities, primarily through loans and advances and guarantees. In addition, credit risk also occurs from funding, investment, trading and derivatives activities, where counterparties may not be able to fulfil their obligations when they fall due.

The primary objective of credit risk management is to keep the banking subsidiaries' exposure to credit risk within its capability and financial capacity to withstand potential financial losses.

In this respect, both RHB Bank and RHB Sakura have carried out the following various initiatives:

RHB Bank

- (i) During the year, the credit policy has been updated and revised to incorporate further market best practices. The credit policy is to develop a strong credit culture with the objective of maintaining a well diversified, evaluated and current portfolio, fully satisfied for credit risk, giving no concern for unexpected losses and which ensures a reliable and satisfactory risk weighted return. This policy, the bedrock of credit risk management, is in the form of a written statement of credit standards, principles and guidelines, which is distributed bank-wide and used as a common source of reference.
- (ii) Stringent measures and processes are in place before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being independently evaluated by the Chief Credit Officer ('CCO'). The Credit Committee and the Loans Committee of the Board sanction credits beyond the individual discretionary limit of the CCO. The strict adherence to the discretionary powers sanctioned by the Board is monitored by the Compliance Division.
- (iii) A risk rating system is used to categorise the risk of individual credits and determine whether RHB Bank is adequately compensated. Client accounts are reviewed at regular intervals and weakening credits are transferred to the Special Assets Management Division for more effective management.
- (iv) RHB Bank strives to maintain a diverse credit profile and track changing risk concentrations in response to market changes and external events. Risks are further mitigated through counterparty, industry and product exposure limits and risk reward mapping. A sector lending direction guide has been updated for 2005.
- (v) RHB Bank is committed to its Basel II journey. To this end, RHB Bank has beefed up its Basel II Program Office with additional dedicated resources.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

RHB Sakura

- (i) The credit approving authority has been delegated to the Underwriting and Credit Committee comprising senior executives of RHB Sakura. An Internal Risk Rating System has been developed and implemented to ensure credits are objectively measured and rated using a consistent methodology. All credit facilities are assigned an internal rating on a scale of one to thirteen based on a standard set of qualitative and quantitative factors. The internal rating process is a two-tier approach that assigns rating to obligor and facility separately. In addition, an independent Compliance and Credit Review Department ('CARE') performs pre-approval credit review to ensure that credit proposals are independently evaluated and adherence to RHB Sakura's Credit Policy. Credit Administration & Rehabilitation Department is also responsible for managing problem credits.
- (ii) Credit exposures are reviewed at least once a year for signs of deterioration in financial condition, which could affect the client's ability to meet its obligation to RHB Sakura. Frequency of credit review is dependent on the internal rating assigned whereby higher risk credits are reviewed more than once a year.
- (iii) CARE works in tandem with Risk Management Department to formulate policies, limits, guidelines and risk measurement methodologies. These models are subject to ongoing review and back-testing to ensure the continuing validity of their parameters.

RHB SECURITIES

Market risk

Market risk relates to the risk of an adverse fluctuation in equity prices.

Market risk arising from trading activities can result either from client-related business or from proprietary positions. Market risk is managed as follows:

- Clients' purchase positions are secured against collateral pledged by commissioned dealer's representatives and clients by way of cash or shares.
- Assignment of appropriate trading limits.
- Daily monitoring of large exposure risk to single equity and single client to manage the concentration risk.
- Requirement of upfront payment for purchase of stocks with 'designated' status and 'PN4' condition stocks under trading restriction prior to the execution of the transaction. Exposures to such counters are monitored closely.
- In compliance with the Business Rules of Bursa Securities, clients must settle all positions on the third market day following the transaction date (i.e. T+3), otherwise the outstanding positions will be force sold by RHB Securities on the following market day. Hence, market risk is contained within four market days following the transaction date.
- The Business Rules of Bursa Securities on Capital Adequacy Requirements restrict stockbroking companies' exposure in relation to position risk, counterparty risk, large exposure risk, underwriting risk and operational risk.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management objectives and policies (continued)

Credit risk

Credit or counterparty risk refers to the potential losses attributable to an unexpected default or deterioration in a client's creditworthiness.

In trading activities, credit risk arises from the possibility that the counterparty is unable or not willing to fulfil its obligation on a transaction on or before settlement date.

The Credit Control Division in RHB Securities ensures that credit risk is mitigated by:

- Structured and systematic credit checking and processing based on approved policies, procedures and guidelines.
- Proper trading limit structure for dealer's representatives and clients are in place and in line with the credit policies.
- Daily review and monitoring of exposure and adequacy of collateral.
- Requirement of upfront payment for purchase positions prior to the execution of trade for any exposures which is beyond acceptable risk tolerance level.
- Internal policy on suspension of clients from trading once their accounts are overdue. Clients' losses are reviewed daily and recovery action initiated as and when appropriate.
- All losses incurred by clients are secured against the dealer representatives' collaterals and/or commissions/incentives.

Interest rate risk

RHB Securities' financial position is not significantly affected by changes in market interest rate. Any exposure is minimum as the funds placed are for short term.

Liquidity and cash flow risk

RHB Securities maintains sufficient cash, has access to sufficient funding through an adequate amount of committed credit facilities and the ability to close out market positions. RHB Securities has in place the following measures to manage such risks:

- Arrangement with licensed banks to maintain credit facilities for trade payments.
- RHB Securities monitors its level of funds on a daily basis.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest/Profit rate risk

The tables below summarise the Group's and the Company's exposure to interest rate risks. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates:

Group	Non-trading book						Trading book	Total	Effective interest rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest bearing			
2005	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	11,049,058	-	-	-	-	315,213	-	11,364,271	2.97-3.01
Securities purchased under resale agreements	907,147	1,252,377	59,967	-	-	-	-	2,219,491	3.00
Deposits and placements with banks and other financial institutions	275,616	2,283,123	55,352	-	-	-	-	2,614,091	2.93-3.08
Securities held-for-trading	-	-	-	-	-	740	3,368,227	3,368,967	3.23-4.04
Securities AFS	170,164	467,306	431,634	795,186	218,143	78,714	-	2,161,147	3.46-6.33
Securities held-to-maturity	1,730,533	1,764,960	3,352,671	4,557,924	2,686,672	(179,459)	-	13,913,301	3.46-5.55
Loans, advances and financing									
– performing	27,035,101	4,746,067	3,876,081	6,793,917	4,227,122	47	-	46,678,335	6.38-6.42
– non-performing *	-	-	-	-	-	1,595,373	-	1,595,373	
Clients' and brokers' balances	85,048	-	-	-	-	162,220	-	247,268	8.80
Other assets and derivative assets	150	-	167	631	1,301	431,398	47,554	481,201	3.92-4.29
Amount due from holding company	1,153,601	-	-	-	-	-	-	1,153,601	6.69
Statutory deposits	-	-	-	100	-	1,695,731	-	1,695,831	3.00
Tax recoverable	-	-	-	-	-	58,466	-	58,466	
Deferred tax assets	-	-	-	-	-	247,505	-	247,505	
Investments in associates	-	-	-	-	-	15,734	-	15,734	
Property, plant and equipment	-	-	-	-	-	922,610	-	922,610	
Goodwill	-	-	-	-	-	1,167,513	-	1,167,513	
TOTAL ASSETS	42,406,418	10,513,833	7,775,872	12,147,758	7,133,238	6,511,805	3,415,781	89,904,705	

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

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest/Profit rate risk (continued)

Group (continued) 2005	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	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 bearing RM'000			
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS									
Deposits from customers	19,847,105	6,485,876	10,223,129	523,227	3,865	12,837,908	-	49,921,110	2.76-2.85
Deposits and placements of banks and other financial institutions	5,840,946	2,720,626	1,144,412	1,239,611	79,556	3,680	-	11,028,831	2.97-3.17
Obligations on securities sold under repurchase agreements	8,562,259	1,760,202	620,338	-	-	-	-	10,942,799	2.86
Bills and acceptances payable	1,094,038	1,329,676	550,901	-	-	338,445	-	3,313,060	3.31
Clients' and brokers' balances	35,794	-	-	-	-	162,696	-	198,490	2.60
Other liabilities and derivative liabilities	256,713	64	297	1,231	-	1,296,073	69,251	1,623,629	2.85-5.40
Recourse obligation on loans sold to Cagamas	-	-	441,711	1,600,025	1,315,256	-	-	3,356,992	4.44
Taxation	-	-	-	-	-	26,412	-	26,412	
Deferred tax liabilities	-	-	-	-	-	2,904	-	2,904	
Borrowings	374,125	-	125,000	550,000	300,000	-	-	1,349,125	6.43
Subordinated obligations	-	-	-	1,530,252	-	-	-	1,530,252	6.63-8.20
									Effective dividend rate %
INCPs	-	-	-	1,104,469	-	-	-	1,104,469	10.00
Total liabilities	36,010,980	12,296,444	13,105,788	6,548,815	1,698,677	14,668,118	69,251	84,398,073	
Shareholders' equity	-	-	-	-	-	4,492,555	-	4,492,555	
Minority interests	-	-	-	-	-	1,014,077	-	1,014,077	
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	36,010,980	12,296,444	13,105,788	6,548,815	1,698,677	20,174,750	69,251	89,904,705	
TOTAL INTEREST- SENSITIVITY GAP	6,395,438	(1,782,611)	(5,329,916)	5,598,943	5,434,561				

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest/Profit rate risk (continued)

Group (continued) 2004	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	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 bearing RM'000			
ASSETS									
Cash and short term funds	12,306,473	-	-	-	-	427,758	-	12,734,231	2.76-2.84
Securities purchased under resale agreements	40,458	-	-	-	-	-	-	40,458	0.45
Deposits and placements with banks and other financial institutions	276,592	240,262	26,262	-	-	-	-	543,116	2.21-3.38
Securities held-for-trading	-	-	-	-	-	828	1,692,673	1,693,501	1.81-2.86
Securities AFS	1,182,630	1,259,821	1,086,191	2,525,931	610,698	226,741	-	6,892,012	4.04-7.00
Securities held-to-maturity	1,091,216	884,365	1,521,835	4,252,307	3,319,652	(218,762)	-	10,850,613	2.94-6.12
Loans, advances and financing									
- performing	27,027,905	5,008,125	2,555,054	4,235,928	3,246,145	(298)	-	42,072,859	5.87-6.09
- non-performing *	-	-	-	-	-	1,838,878	-	1,838,878	
Clients' and brokers' balances	23,528	71,358	-	-	-	177,193	-	272,079	7.74
Other assets and derivative assets	-	-	212	464	1,182	280,428	33,524	315,810	4.00
Amount due from holding company	1,032,489	-	-	-	-	-	-	1,032,489	6.47
Statutory deposits	-	-	-	100	-	1,424,281	-	1,424,381	4.00
Tax recoverable	-	-	-	-	-	64,457	-	64,457	
Deferred tax assets	-	-	-	-	-	208,556	-	208,556	
Investments in associates	-	-	-	-	-	16,135	-	16,135	
Property, plant and equipment	-	-	-	-	-	965,496	-	965,496	
Goodwill	-	-	-	-	-	1,172,195	-	1,172,195	
TOTAL ASSETS	42,981,291	7,463,931	5,189,554	11,014,730	7,177,677	6,583,886	1,726,197	82,137,266	

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

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest/Profit rate risk (continued)

Group (continued) 2004	----- Non-trading book ----->						Trading book RM'000	Total RM'000	Effective interest rate %
	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 bearing RM'000			
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS									
Deposits from customers	20,405,131	5,930,889	10,809,708	565,052	3,652	12,452,820	-	50,167,252	2.76-2.96
Deposits and placements of banks and other financial institutions	3,586,496	1,138,048	859,464	1,485,864	51,104	2,966	-	7,123,942	2.69-2.99
Obligations on securities sold under repurchase agreements	7,899,741	44,900	-	-	-	-	-	7,944,641	2.64-2.66
Bills and acceptances payable	878,404	1,007,828	369,377	-	-	367,322	-	2,622,931	2.99
Clients' and brokers' balances	105,697	-	-	-	-	191,837	-	297,534	2.66
Other liabilities and derivative liabilities	235,654	61	281	1,624	-	1,102,693	44,984	1,385,297	2.80-5.40
Recourse obligation on loans sold to Cagamas	-	-	30,483	2,775,184	561,184	-	-	3,366,851	4.43
Taxation	-	-	-	-	-	7,655	-	7,655	
Deferred tax liabilities	-	-	-	-	-	4,453	-	4,453	
Borrowings	721,136	-	125,000	575,000	-	-	-	1,421,136	4.22-6.01
Subordinated obligations	-	-	-	1,533,080	-	-	-	1,533,080	6.63-8.20
									Effective dividend rate %
INCPS	-	-	-	1,104,469	-	-	-	1,104,469	8.00-10.00
Total liabilities	33,832,259	8,121,726	12,194,313	8,040,273	615,940	14,129,746	44,984	76,979,241	
Shareholders' equity	-	-	-	-	-	4,212,379	-	4,212,379	
Minority interests	-	-	-	-	-	945,646	-	945,646	
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	33,832,259	8,121,726	12,194,313	8,040,273	615,940	19,287,771	44,984	82,137,266	
TOTAL INTEREST- SENSITIVITY GAP	9,149,032	(657,795)	(7,004,759)	2,974,457	6,561,737				

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest/Profit rate risk (continued)

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

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest/Profit rate risk (continued)

Company (continued) 2004	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	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 bearing RM'000			
ASSETS									
Cash and short term funds	105,411	-	-	-	-	5,376	-	110,787	2.73
Deposits and placements with banks and other financial institutions	-	371	435	-	-	-	-	806	3.38
Other assets	-	-	-	-	-	36,944	-	36,944	
Amount due from holding company	1,032,489	-	-	-	-	-	-	1,032,489	6.47
Amounts due from subsidiaries	-	-	-	-	-	135,330	-	135,330	
Tax recoverable	-	-	-	-	-	11,496	-	11,496	
Investments in subsidiaries	-	-	-	-	-	6,780,294	-	6,780,294	
Investments in associates	-	-	-	-	-	36,000	-	36,000	
Property, plant and equipment	-	-	-	-	-	1,867	-	1,867	
TOTAL ASSETS	1,137,900	371	435	-	-	7,007,307	-	8,146,013	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Other liabilities	30	61	281	1,624	-	21,963	-	23,959	5.40
Amounts due to subsidiaries	96,850	-	-	-	-	3,244,316	-	3,341,166	3.91
Borrowings	716,135	-	125,000	575,000	-	-	-	1,416,135	6.01
Total liabilities	813,015	61	125,281	576,624	-	3,266,279	-	4,781,260	
Shareholders' equity	-	-	-	-	-	3,364,753	-	3,364,753	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	813,015	61	125,281	576,624	-	6,631,032	-	8,146,013	
TOTAL INTEREST-SENSITIVITY GAP	324,885	310	(124,846)	(576,624)	-				

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments, are set out below:

Group 2005	Short term funds and deposits and placements with financial institutions RM'000	Securities purchased under resale agreements RM'000	Securities held-for- trading RM'000	Securities AFS RM'000	Securities held- to-maturity RM'000	Loans, advances and financing * RM'000	Other financial assets RM'000	On-balance sheet total RM'000	Commitments and contingencies RM'000
Agriculture, hunting, forestry and fishing	-	-	-	9,922	52,431	1,791,656	335	1,854,344	724,014
Mining and quarrying	-	-	-	4,872	-	89,006	-	93,878	50,453
Manufacturing	-	-	303,314	181,532	337,127	8,835,423	3,001	9,660,397	10,286,138
Electricity, gas and water	-	-	314,697	29,970	-	299,206	4,787	648,660	1,734,185
Construction	-	-	39,760	23,318	15,177	2,429,568	254	2,508,077	2,836,216
Real estate	-	-	29,577	144,267	65,207	1,265,008	2,183	1,506,242	405,329
Purchase of landed property	-	-	-	-	-	13,030,537	2,037	13,032,574	1,648,832
Wholesale & retail trade and restaurants & hotels	-	-	29,963	51,026	18,187	5,653,212	606	5,752,994	5,707,016
Transport, storage and communication	-	-	75,715	43,748	2,079,319	2,771,719	799	4,971,300	1,134,712
Finance, insurance and business services	12,737,807	2,213,042	1,096,125	1,225,693	7,987,335	2,268,528	160,964	27,689,494	13,431,697
Government and government agencies	545,300	6,449	1,310,760	226,247	3,185,557	309,186	133,687	5,717,186	705,603
Purchase of securities	-	-	-	3,298	-	1,978,471	226,976	2,208,745	242,962
Purchase of transport vehicles	-	-	-	-	-	4,346,921	-	4,346,921	131,801
Consumption credit	-	-	-	-	-	2,746,906	15	2,746,921	2,898,004
Others	-	-	119,892	4,269	171,739	1,379,944	1,541,112	3,216,956	4,178,278
	13,283,107	2,219,491	3,319,803	1,948,162	13,912,079	49,195,291	2,076,756	85,954,689	46,115,240

* Excludes general allowances amounting to RM921,583,000.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

Group (continued) 2004	Short term funds and deposits and placements with financial institutions RM'000	Securities purchased under resale agreements RM'000	Securities held-for- trading RM'000	Securities AFS RM'000	Securities held- to-maturity RM'000	Loans, advances and financing * RM'000	Other financial assets RM'000	On-balance sheet total RM'000	Commitments and contingencies RM'000
Agriculture, hunting, forestry and fishing	-	-	-	9,281	97,361	1,248,832	132	1,355,606	772,766
Mining and quarrying	-	-	-	-	-	145,589	-	145,589	65,117
Manufacturing	-	-	-	295,031	491,556	9,149,179	2,196	9,937,962	9,434,912
Electricity, gas and water	-	-	88,221	222,960	-	496,643	2,593	810,417	564,293
Construction	-	-	-	52,147	225,698	2,550,200	85	2,828,130	2,742,539
Real estate	-	-	57,399	261,877	163,573	1,090,459	2,620	1,575,928	430,926
Purchase of landed property	-	-	-	459	-	12,256,650	1,278	12,258,387	1,965,524
Wholesale & retail trade and restaurants & hotels	-	-	-	35,803	34,311	4,966,045	964	5,037,123	4,636,326
Transport, storage and communication	-	-	-	186,962	2,082,490	1,245,800	3,080	3,518,332	1,111,039
Finance, insurance and business services	11,759,979	40,458	1,167,587	2,475,861	3,596,983	2,572,052	312,335	21,925,255	15,079,075
Government and government agencies	703,900	-	332,597	2,980,089	4,100,556	820,405	96,398	9,033,945	-
Purchase of securities	-	-	-	7,383	3,434	1,986,889	256,570	2,254,276	262,404
Purchase of transport vehicles	-	-	-	-	-	2,528,884	35	2,528,919	83,428
Consumption credit	-	-	-	-	-	2,587,991	11	2,588,002	4,078,555
Others	-	-	-	73,549	53,429	1,091,073	1,265,034	2,483,085	2,730,802
	<u>12,463,879</u>	<u>40,458</u>	<u>1,645,804</u>	<u>6,601,402</u>	<u>10,849,391</u>	<u>44,736,691</u>	<u>1,943,331</u>	<u>78,280,956</u>	<u>43,957,706</u>

* Excludes general allowances amounting to RM824,954,000.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

50 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

Company 2005	Short term funds and deposits and placements with financial institutions RM'000	Amounts due from subsidiaries RM'000	Amount due from holding company RM'000	Other financial assets RM'000	On- balance sheet total RM'000
Finance, insurance and business services	89,269	–	–	54	89,323
Others	–	136,417	1,153,601	32,848	1,322,866
	89,269	136,417	1,153,601	32,902	1,412,189
2004					
Finance, insurance and business services	111,593	–	–	120	111,713
Others	–	135,330	1,032,489	32,853	1,200,672
	111,593	135,330	1,032,489	32,973	1,312,385

51 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents estimates of fair values as at the balance sheet date.

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the financial instruments, including loans and advances to customers, such market prices do not exist as there is currently no ready market wherein exchanges between willing parties occur.

Accordingly, various methodologies have been used to estimate what the approximate fair values of such instruments might be. These methodologies involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the uncertainties and assumptions could significantly affect these estimates and the resulting fair value estimates. Where these methodologies are not able to estimate the approximate fair values, such instruments are stated at carrying amount.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of FRS 132 (formerly known as MASB Standard 24) which requires fair value information to be disclosed. These include property, plant and equipment, investments in subsidiaries and associates and intangibles.

Therefore, for a significant portion of the Group's financial instruments, including loans and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group could have realised in a sales transaction at the balance sheet date.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Furthermore, it is the Group's intention to hold most of its financial instruments to maturity and, therefore, it is not probable that the fair value estimates shown will be realised.

The following table summarises the carrying amounts and estimated fair values of those financial assets and liabilities not presented on the Group's and the Company's balance sheet at their fair values:

	Group		Company	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
2005				
Financial assets				
Loans, advances and financing	48,273,708	48,583,940	–	–
Securities held-to-maturity	13,913,301*	13,911,064	–	–
Financial liabilities				
Deposits and placements of banks and other financial institutions	11,028,831	11,028,821	–	–
Recourse obligation on loans sold to Cagamas	3,356,992	3,365,638	–	–
Borrowings	1,349,125	1,381,413	1,349,125	1,381,413
Subordinated obligations	1,530,252	1,592,535	–	–
INCPS	1,104,469	1,918,860	–	–
Hire-purchase creditors	1,624	1,464	1,624	1,464
2004				
Financial assets				
Loans, advances and financing	43,911,737	44,013,196	–	–
Securities held-to-maturity	10,850,613*	10,788,255	–	–
Financial liabilities				
Deposits and placements of banks and other financial institutions	7,123,942	7,124,813	–	–
Recourse obligation on loans sold to Cagamas	3,366,851	3,372,081	–	–
Borrowings	1,421,136	1,446,243	1,416,135	1,441,242
Subordinated obligations	1,533,080	1,624,687	–	–
INCPS	1,104,469	1,875,124	–	–
Hire-purchase creditors	1,996	1,751	1,996	1,751

* The carrying amount is not written down to the fair value, as the amount is deemed to be recoverable, as substantially, it relates to government guaranteed bonds.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values are based on the following methodologies and assumptions:

Loans, advances and financing

For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risk and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying values, net of specific allowance, being the expected recoverable amount.

Securities held-to-maturity

The estimated fair value is generally based on quoted and observable market prices at the balance sheet date. Where such quoted or observable market prices are not available on certain securities, the fair value is estimated by reference to market indicative yields or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the balance sheet date.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than one year approximate the carrying amounts. For deposits and placements with maturities of one year or more, fair values are estimated based on discounted cash flows using prevailing money market interest rates for deposits and placements with similar maturities.

Recourse obligation on loans sold to Cagamas

For recourse obligation on loans sold to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For recourse obligation on loans sold to Cagamas with maturities of more than one year, fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

Borrowings

The estimated fair values of borrowings are based on discounted cash flow model using a current yield curve appropriate for the remaining term to maturity.

Subordinated obligations

The estimated fair values of subordinated obligations are generally based on quoted and observable market prices at the balance sheet date.

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

51 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

INCPS

The estimated fair value of the INCPS is based on the price over net assets value of comparable banks, adjusted for the conversion option of the INCPS.

Hire-purchase creditors

The estimated fair values of hire-purchase creditors are based on discounted expected future cash flows using the current interest rates for liabilities with similar risk profiles.

52 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

(a) Prior year adjustments

During the current financial year, the Group has adopted the revised BNM/GP8 which is operative with effect from 1 January 2005.

The adoption of the revised BNM/GP8 has resulted in the changes in the accounting policies for securities, derivatives and interest income recognition for non-performing loans as further explained under the summary of significant accounting policies. All these changes have been applied retrospectively and have the following effects to the opening reserves and retained profits of the Group:

	Group	
	2005 RM'000	2004 RM'000
(i) Reserve funds		
Balance as at 1 January 2005/1 July 2003		
As previously reported	1,167,773	1,026,585
Transfer from retained profits	3,998	3,552
As restated	<u>1,171,771</u>	<u>1,030,137</u>
(ii) AFS reserve		
Balance as at 1 January 2005/1 July 2003		
As previously reported	-	-
Effect of adopting the fair value accounting for securities AFS	(19,399)	28,719
Effect of previously recognised loss on securities AFS	5,260	5,817
Effect on deferred tax	4,412	(6,521)
	<u>(9,727)</u>	<u>28,015</u>
As restated	<u>(9,727)</u>	<u>28,015</u>

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

52 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)

(a) Prior year adjustments (continued)

	Group	
	2005 RM'000	2004 RM'000
(iii) Retained profits/(Accumulated losses)		
Balance as at 1 January 2005/1 July 2003		
As previously reported	111,423	(90,233)
Effect of adopting the fair value accounting for securities held-for-trading	23,828	45,506
Effect of previously recognised loss/(gain) on securities AFS transferred to equity	1,888	(592)
Effect of adopting the fair value accounting for derivatives	(20,645)	(15,525)
Effect on deferred tax	(99)	(8,720)
Transfer to statutory reserve	(3,998)	(3,552)
	974	17,117
As restated	112,397	(73,116)

(b) Restatement of comparative figures

The following comparative figures have been restated for the effects of adopting the above changes in accounting policies:

	As previously reported RM'000	Group Effect of the change RM'000	As restated RM'000
Balance sheet as at 31 December 2004			
Dealing securities	6,067,030	(6,067,030)	–
Investment securities	13,355,224	(13,355,224)	–
Securities held-for-trading	–	1,693,501	1,693,501
Securities AFS	–	6,892,012	6,892,012
Securities held-to-maturity	–	10,850,613	10,850,613
Other assets	328,957	(46,671)	282,286
Derivative assets	–	33,524	33,524
Tax recoverable	65,014	(557)	64,457
Deferred tax assets	199,880	8,676	208,556
Other liabilities	1,368,949	(28,636)	1,340,313
Derivative liabilities	–	44,984	44,984
Deferred tax liabilities	2,665	1,788	4,453
Reserves	2,282,236	(5,729)	2,276,507
Retained profits	111,423	974	112,397
Minority interests	950,183	(4,537)	945,646

notes to the financial statements

for the financial year ended 31 December 2005 (continued)

52 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)

(b) Restatement of comparative figures (continued)

	As previously reported RM'000	Group Effect of the change RM'000	As restated RM'000
Income statement for the eighteen months ended 31 December 2004			
Interest income	4,461,415	(5,877)	4,455,538
Interest expense	(2,382,756)	21,463	(2,361,293)
Net interest income	2,078,659	15,586	2,094,245
Other operating income	938,961	19,240	958,201
Net income	3,214,688	34,826	3,249,514
Other operating expenses	(1,643,006)	(18,404)	(1,661,410)
Operating profit	1,571,682	16,422	1,588,104
Impairment loss	–	(50,051)	(50,051)
Profit before INCPS dividends, taxation and zakat	903,476	(33,629)	869,847
Taxation and zakat	(150,575)	10,567	(140,008)
Profit after INCPS dividends, taxation and zakat	599,986	(23,062)	576,924
Minority interests	(142,779)	7,365	(135,414)
Net profit for the financial period	457,207	(15,697)	441,510

53 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 3 April 2006.

statement by directors

pursuant to section 169(15) of the Companies Act, 1965

We, Vaseehar Hassan Abdul Razack and Johari Abdul Muid, being two of the directors of RHB Capital Berhad state that, in the opinion of the directors, the accompanying financial statements set out on pages 60 to 152 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2005 and of the results and cash flows of the Group and the Company for the financial year ended 31 December 2005 in accordance with MASB approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

Signed in accordance with a resolution of the Board of Directors dated 3 April 2006.

VASEEHAR HASSAN ABDUL RAZACK
DIRECTOR

JOHARI ABDUL MUID
DIRECTOR

statutory declaration

pursuant to section 169(16) of the Companies Act, 1965

I, Albert Chan Huat Cheng, being the officer primarily responsible for the financial management of RHB Capital Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 60 to 152 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

ALBERT CHAN HUAT CHENG

Subscribed and solemnly declared by the abovenamed Albert Chan Huat Cheng at Kuala Lumpur in Malaysia on 3 April 2006 before me.

JAYAM GNANAPRAGASAM
COMMISSIONER FOR OATHS

report of the auditors

to the members of RHB Capital Berhad

We have audited the financial statements set out on pages 60 to 152. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965, the MASB approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2005 and of the results and cash flows of the Group and Company for the financial year ended 31 December 2005; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 15 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

UTHAYA KUMAR S/O K.VIVEKANANDA

(No.1455/06/06(J))

Partner of the firm

Kuala Lumpur

3 April 2006

analysis of shareholdings

– as at 14 April 2006

Authorised Share Capital	:	RM2,500,000,000.00 comprising 2,500,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM1,823,474,695.00 comprising 1,823,474,695 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	Each shareholder present in person or by proxy at any Shareholders' Meeting shall be entitled to a show of hands of one vote and on a poll, each shareholder who is present in person or by proxy shall have one vote for each ordinary share held.
Number of Shareholders	:	31,855

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of shareholdings
Less than 100	458	1.44	22,415	0.01
100 - 1,000	9,819	30.82	9,181,329	0.50
1,001 - 10,000	18,017	56.56	71,555,913	3.92
10,001 - 100,000	3,115	9.78	90,020,610	4.94
100,001 to 91,173,734 (Less than 5% of the issued shares)	441	1.38	559,821,539	30.70
91,173,735 (5% and above of the issued shares)	5	0.02	1,092,872,889	59.93
Total	31,855	100.00	1,823,474,695	100.00

list of top (30) shareholders

– as at 14 April 2006

Rank	Name	No. of Shares	%
1	MAYBAN NOMINEES (TEMPATAN) SDN BHD <J.P. MORGAN CHASE BANK BERHAD FOR RASHID HUSSAIN BERHAD (JPMC LABUAN)>	424,456,678	23.28
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD <RASHID HUSSAIN BERHAD (KLC)>	192,000,000	10.53
3	UOBM NOMINEES (TEMPATAN) SDN BHD <ABN AMRO BANK N.V. LABUAN BRANCH FOR RASHID HUSSAIN BERHAD>	179,300,000	9.83
4	MAYBAN NOMINEES (TEMPATAN) SDN BHD <RASHID HUSSAIN BERHAD (514011724902)>	151,700,000	8.32
5	MAYBAN NOMINEES (TEMPATAN) SDN BHD <ABN AMRO BANK N.V. FOR RASHID HUSSAIN BERHAD>	145,416,211	7.97
6	EMPLOYEES PROVIDENT FUND BOARD	44,649,397	2.45
7	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <RASHID HUSSAIN BERHAD (3396 KLBR)>	43,300,000	2.37
8	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <SKIM AMANAH SAHAM BUMIPUTERA>	29,000,000	1.59
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD <RASHID HUSSAIN BERHAD (PBL)>	22,380,000	1.23
10	PERMODALAN NASIONAL BERHAD	21,763,510	1.19
11	CITIGROUP NOMINEES (ASING) SDN BHD <EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED>	18,950,000	1.04
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)>	18,000,000	0.99
13	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <RASHID HUSSAIN BERHAD>	15,000,000	0.82
14	HSBC NOMINEES (ASING) SDN BHD <PICTET AND CIE FOR PICTET ASIA TARGETED FUND FCP (PAM REF 0933)>	13,532,800	0.74
15	HSBC NOMINEES (TEMPATAN) SDN BHD <NOMURA ASSET MGMT SG FOR EMPLOYEES PROVIDENT FUND>	12,203,300	0.67

list of top (30) shareholders

– as at 14 April 2006

Rank	Name	No. of Shares	%
16	HSBC NOMINEES (ASING) SDN BHD <PICTET AND CIE FOR PICTET ASIA GROWTH FUND FCP (PAM REF 3186)>	12,145,200	0.67
17	CITIGROUP NOMINEES (ASING) SDN BHD <CBNY FOR DFA EMERGING MARKETS FUND>	11,729,900	0.64
18	RHB NOMINEES (TEMPATAN) SDN BHD <RASHID HUSSAIN BERHAD>	9,343,570	0.51
19	HLG NOMINEE (TEMPATAN) SDN BHD <PB TRUSTEE SERVICES BERHAD FOR HLG GROWTH FUND>	8,036,900	0.44
20	HSBC NOMINEES (ASING) SDN BHD <BBH AND CO BOSTON FOR SCUDDER GLOBAL FUND>	7,483,600	0.41
21	HONG LEONG FUND MANAGEMENT SDN BHD <HONG LEONG BANK BERHAD>	6,430,600	0.35
22	BANK SIMPANAN NASIONAL	5,658,000	0.31
23	CARTABAN NOMINEES (ASING) SDN BHD <INVESTORS BANK AND TRUST COMPANY FOR ISHARES, INC.>	5,706,300	0.31
24	LIM KAH NGAM (MALAYSIA) SDN BHD	5,057,005	0.28
25	CARTABAN NOMINEES (ASING) SDN BHD <SSBT FUND AHY8 FOR AIG GLOBAL EMERGING MARKETS FUND PLC>	4,555,900	0.25
26	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NON PAR 1)>	4,500,000	0.25
27	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)>	4,200,020	0.23
28	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <KUMPULAN WANG AM>	4,183,400	0.23
29	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <PUBLIC GROWTH FUND>	3,742,800	0.21
30	CITIGROUP NOMINEES (ASING) SDN BHD <CB LDN FOR STICHTING PENSIOENFONDS VOOR DE GEZONDHEID GEESTELIJKEEN MAATCHAPPELIJKE BELANGEN>	3,647,300	0.20

substantial shareholders

– as at 14 April 2006

No	Substantial Shareholder	No. of Shares		%
		Direct	Indirect	
1.	Rashid Hussain Berhad (“RHB”)	1,182,896,459	–	64.87
2.	Utama Banking Group Berhad ^a (“UBG”)	–	1,182,896,459	64.87
3.	Concordance Holdings Sdn Bhd ^b (“Concordance”)	–	1,182,896,459	64.87
4.	Cahaya Mata Sarawak Berhad ^c (“CMSB”)	–	1,182,896,459	64.87
5.	YBhg Dato Sri Sulaiman Abdul Rahman Taib ^d	–	1,182,896,459	64.87
6.	Tuan Haji Mahmud Abu Bekir Taib ^e	–	1,182,896,459	64.87
7.	Encik Vaseehar Hassan Abdul Razack ^f	–	1,182,896,459	64.87
8.	EPF ^g	–	1,182,896,459	64.87

Notes:

- ^a UBG is a substantial shareholder of RHB. Under Section 6A(4) of the Companies Act, 1965, UBG is deemed interested in RHB’s interest in RHB Capital.
- ^b Concordance is a substantial shareholder of UBG. Under Section 6A(4) of the Companies Act, 1965, Concordance is deemed interested in UBG’s interest in RHB Capital.
- ^c CMSB holds 100% equity interest in Concordance. Under Section 6A(4) of the Companies Act, 1965, CMSB is deemed interested in Concordance’s deemed interest in RHB Capital.
- ^d YBhg Dato Sri Sulaiman Abdul Rahman Taib is a substantial shareholder of CMSB. Under Section 6A(4) of the Companies Act, 1965, he is deemed interested in CMSB’s deemed interest in RHB Capital.
- ^e Tuan Haji Mahmud Abu Bekir Taib is a substantial shareholder of CMSB. Under Section 6A(4) of the Companies Act, 1965, he is deemed interested in CMSB’s deemed interest in RHB Capital.
- ^f Encik Vaseehar Hassan Abdul Razack is an indirect substantial shareholder of RHB. Under Section 6A(4) of the Companies Act, 1965, he is deemed interested in the RHB’s interest in RHB Capital.
- ^g EPF is a substantial shareholder of RHB. Under Section 6A(4) of the Companies Act, 1965, EPF is deemed interested in RHB’s interest in RHB Capital.

list of directors' interests in securities of the company and its related corporations – as at 14 April 2006

	Ordinary Shares of RM1.00 each	
	No.	%
The Company		
YBhg Dato Sri Sulaiman Abdul Rahman Taib – indirect ¹	1,182,896,459	64.87
Encik Vaseehar Hassan Abdul Razack – indirect ¹	1,182,896,459	64.87
YBhg Dato' Mohd Salleh Hj Harun – direct	15,000	*
Holding company		
RHB		
YBhg Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	238,127,000	32.79
Encik Vaseehar Hassan Abdul Razack – indirect ²	238,127,000	32.79
	No.	Warrants
		%
Holding company		
RHB		
Warrants 2001/2007		
YBhg Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	8,000,000	37.10
Encik Vaseehar Hassan Abdul Razack – indirect ²	8,000,000	37.10
Call Warrants 2003/2007		
YBhg Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	92,461,730	27.16

list of directors' interests in securities of the company and its related corporations – as at 14 April 2006 (continued)

Holding company	Nominal value (RM)	ICULS	%
RHB			
Nominal Amount (RM) of 2002/2012 0.5% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value ("RHB ICULS-A")			
YBhg Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	449,206,479		99.60
Encik Vaseehar Hassan Abdul Razack – indirect ²	449,206,479		99.60
Nominal Amount (RM) of 2002/2012 3.0% Irredeemable Convertible Unsecured Loan Stocks of RM1.00 each nominal value ("RHB ICULS-B")			
YBhg Dato Sri Sulaiman Abdul Rahman Taib – indirect ²	403,471,898		66.66
Encik Vaseehar Hassan Abdul Razack – indirect ²	403,471,898		66.66

Notes:

- ¹ Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in the holding company, RHB.
 - ² Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Utama Banking Group Berhad.
- * Negligible percentage.

By virtue of their indirect substantial interests in the shares of RHB, YBhg Dato Sri Sulaiman Abdul Rahman Taib and Encik Vaseehar Hassan Abdul Razack are also deemed to have an indirect substantial interest in the securities of the subsidiaries of RHB to the extent RHB has an interest.

sanctions and penalties

There were no public sanctions and/or penalties imposed on RHB Capital Berhad and its subsidiaries, Directors or management by the relevant regulatory bodies from 1 January 2005 to 14 April 2006.

material contracts

There were no material contracts of RHB Capital Berhad and its subsidiaries involving directors' and major shareholders' interests which subsisted at the end of 12 months financial period from 1 January 2005 to 31 December 2005 or, if not then subsisting, entered into since the end of the financial year ended 31 December 2004.

List of properties

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation
MALAYSIA									
Kuala Lumpur									
1. 18, Jalan Silang	RHB Bank Berhad	4 storey shop lots	1,379	Credit Card Center	52	Freehold	—	686	1967
2. 58, 58A, 58B, 58C 60, 60A, 60B, 60C Jalan Bukit Bintang	RHB Bank Berhad	2 units of 4 storey shophouses	1,412	Bank Branch	41	Freehold	—	688	1997
3. 75, Jalan Tun H.S.Lee	RHB Bank Berhad	13 storey building	6,000	Bank Branch	40	Freehold	—	1,696	1997
4. 424 Jalan Tun Razak	RHB Hartanah Sdn Bhd	12 storey office building	20,440	Office Space	15	Freehold	—	133,917	1989
5. 426 Jalan Tun Razak	RHB Hartanah Sdn Bhd	16 storey office building	22,516	Office Space	9	Freehold	—	130,061	1989
6. 19-21 Medan Pasar	RHB Bank Berhad	5 storey building	1,298	Bank Collection Centre	23	Freehold	—	1,926	1983
7. 50, 52 Jalan Pasar	RHB Bank Berhad	2 units of 3 storey shophouses	1,326	Bank Branch	36	Freehold	—	782	1997
8. Lot 114-116 Ampang Park Shopping Complex Jalan Ampang	RHB Bank Berhad	2 units of Shop lots in shopping complex	259	Bank Branch	32	Freehold	—	365	1997
9. No. 30, Jalan 7/108C Taman Sungai Besi	RHB Bank Berhad	2 units of 3 storey shop lots	980	Bank Branch	12	Leasehold	2085	696	1992
10. 178, 180 Main Street Salak South	RHB Bank Berhad	2 units of 4 storey building	972	Bank Branch	28	Leasehold	2073	697	1997
11. 257, Jalan Genting Kelang	RHB Bank Berhad	3 storey shophouse	127	Bank Branch	20	Leasehold	2075	615	1999
12. 259, Jalan Genting Kelang	RHB Bank Berhad	3 storey shophouse	127	Bank Branch	20	Leasehold	2075	627	1999
13. 19 & 21 Jalan Tun Perak Kuala Lumpur	RHB Bank Berhad	2 units of 3 storey shophouses	589	Bank Branch	7	Freehold	—	9,480	1999

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation
Kuala Lumpur									
14. Lot 1628 to 1633 Sec 46, Lorong Haji Taib 1 & 2	RHB Bank Berhad	Vacant land	929	Car Park	—	Freehold	—)	1937
15. 318C-E Lorong Haji Taib 2	RHB Bank Berhad	Vacant land	324	TNB sub-station	15	Freehold	—)	1937
16. 318A Jalan Raja Laut	RHB Bank Berhad	1 unit of 6 1/2 storey building	3,029	Vacant	15	Freehold	—)	1937
17. Lots 1 & 2 Jati Shop Houses Off Jln Tun Mustapha Labuan	RHB Bank Berhad	2 units of 3 storey shophouses	221	Bank Branch	15	Leasehold	2074	1,073	1995
18. Unit 15(05) Alpha Tower Financial Park Labuan	RHB Bank (L) Ltd	Condominium	156	Residential	9	Leasehold	2090	414	1997
19. Unit 12(06) Alpha Tower Financial Park Labuan	RHB Bank (L) Ltd	Condominium	189	Residential	9	Leasehold	2090	501	1997
Selangor									
20. No. 1 & 3 Jalan Senangin Satu Tanjung Sepat	RHB Capital Properties Sdn Bhd	2 units of 2 storey shop lots	670	Bank Branch	20	Freehold	—	475	1984
21. 33 Persiaran Sultan Ibrahim, Klang	RHB Bank Berhad	3 storey building	995	Bank Branch	78	Freehold	—	556	1997
22. 76, 77 Jalan Besar Sg. Pelek, Sepang	RHB Bank Berhad	2 units of 2 storey building	499	Bank Branch	25	Freehold	—	185	1997
23. 11, 13 & 15 Jalan SS24/11 Taman Megah Petaling Jaya	RHB Bank Berhad	3 units of 3 storey shop lots	1,505	Bank Branch	24	Freehold	—	580	1997
24. 47 & 49 Jalan USJ 10/1 UEP Subang Jaya Petaling Jaya	RHB Bank Berhad	2 units of 3 storey shophouses	982	Bank Branch	9	Freehold	—	2,779	1997
25. 11, Jalan Niaga 16/3A Shah Alam	RHB Capital Properties Sdn Bhd	1 unit of 2 storey shop lot	468	Bank Branch	21	Leasehold	2076	262	1983
26. 25, Jalan Raja Haroun Taman Hijau, Kajang	RHB Capital Properties Sdn Bhd	2 units of 3 storey shop lots	1,041	Bank Branch	19	Leasehold	2067	973	1985

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation
Selangor									
27. 37 & 38 Jalan Memanda 7 Ampang	RHB Bank Berhad	2 units of 4 1/2 storey building	2,169	Bank Branch	14	Leasehold	2088	3,729	1997
28. No. 1, 3 & 5 Jalan 52/18 New Town Centre Petaling Jaya	RHB Capital Properties Sdn Bhd	3 units of 3 storey shop lots	1,702	Bank Branch	22	Leasehold	2067	2,355	1982
29. 13 & 15, Jalan 52/2 Seksyen 52 Petaling Jaya	RHB Bank Berhad	2 units of 2 storey shop lots	699	Infinity Banking	46	Leasehold	2058	130	1997
30. 1, Jalan 14/20 Petaling Jaya	RHB Bank Berhad	1 unit of 3 storey building	892	Bank Branch	27	Leasehold	2068	345	1997
31. No. 54A & 54B Jalan SS1/22 Petaling Jaya	RHB Bank Berhad	2 units of 2 storey shophouses	266	Bank Branch	14	Freehold	—	989	1999
32. 391 & 392 Jalan 1A/1 Bandar Baru Sungai Buloh	RHB Bank Berhad	2 units of 2 storey shophouses	354	Bank Branch	17	Leasehold	2087	616	1999
33. 157 & 159 Jalan SS2/24 Sg.Way/Subang Petaling Jaya	RHB Bank Berhad	2 units of 2 storey shophouses	518	Bank Branch	27	Freehold	—	2,051	1999
34. Lot No. 8 Jalan Institusi Bandar Baru Bangi	RHB Bank Berhad	6 storey office Block, 5 storey Training Block, 7 storey IT Block & 5 storey Car Park Block	56,188	Training Centre	4	Leasehold	2090	120,123	1999
35. 19, Taman Seri Selayang	RHB Bank Berhad	1 unit of 4 storey shophouse	456	Bank Branch	15	Freehold	—	2,161	1999
36. 24-26, Jalan Stesen Kelang	RHB Bank Berhad	3 storey commercial building	385	Bank Branch	37	Freehold	—	1,269	1999
37. 33, Persiaran Raja Muda Musa, Port Kelang	RHB Bank Berhad	5 storey commercial building	527	Bank & other tenants	40	Leasehold	2064	2,746	1999

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation
Selangor									
38. Lot Nos. PT30324, PT30325, PT30326, PT30327, HS(D) 36962, 36963, 36964, 36965, Bangi Business Park, Kajang.	RHB Bank Berhad	Vacant land	23,154	Vacant	—	Leasehold	2093	10,172	1996
Negeri Sembilan									
39. 158, 159 Jalan Besar Rantau	RHB Bank Berhad	2 units of 2 storey shophouses	570	Bank Branch	23	Freehold	—	317	1997
40. PT 9 & 10, Jalan Raja Melewar, Kuala Pilah	RHB Bank Berhad	2 units of 3 storey shophouses	300	Bank Branch	44	Leasehold	2078	689	1999
41. 10 & 11, Jalan Dato' Abdul Rahman, Seremban	RHB Bank Berhad	2 units of 3 storey shophouses	456	Bank Branch	41	Freehold	—	1,444	1999
42. Unit B1.16, Tanjung Biru Condominium, Port Dickson	RHB Bank Berhad	Resort apartment	80	Resort Apartment	16	Freehold	—	111	1999
43. Unit C4.21, Tanjung Biru Condominium, Port Dickson	RHB Bank Berhad	Resort apartment	80	Resort Apartment	16	Freehold	—	111	1999
44. Unit B2. 16, Tanjung Biru Condominium, Port Dickson	RHB Bank Berhad	Resort apartment	80	Resort Apartment	16	Freehold	—	116	1999
45. E105, B205, B305, B303, PD Perdana Condo Resorts, Port Dickson	RHB Bank Berhad	4 units of Resort apartments	324	Resort Apartment	17	Freehold	—	496	1995
46. 71, Jalan Murray, Seremban	RHB Bank Berhad	2 storey shophouses (Prewar)	194	Vacant	79	Freehold	—	3	1925
Pahang									
47. No. 45, Jalan Telok Sisek, Kuantan	RHB Bank Berhad	Converted bungalow lot	886	Bank Branch	55	Freehold	—	2,991	1994
48. 23, Jalan Tun Ismail, Kuantan	RHB Bank Berhad	1 unit of 3 1/2 storey building	527	Collection Centre	26	Freehold	—	450	1997

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation
Pahang									
49. Lot 13 & 14 Jalan Loke Yew Bentong	RHB Capital Properties Sdn Bhd	2 units of 2 storey shop lots	892	Bank Branch	21	Freehold	—	546	1981
50. PT No. 16477 & 16478, HS(D) 6797 & 6798, Mukim Gali Raub	RHB Bank Berhad	2 units of 2 storey shop lots	862	Bank Branch	9	Leasehold	2092	810	1996
51. Penn Cottage Fraser's Hill	RHB Bank Berhad	1 storey bungalow	6,953	Resort Bungalow	59	Leasehold	2024	527	1999
Terengganu									
52. 59 Jalan Sultan Ismail Kuala Terengganu	RHB Bank Berhad	5 1/2 storey office building	2,960	Bank Branch	44	Leasehold	2048	2,541	1999
Kelantan									
53. No.782-786 Jalan Tok Hakim Kota Bharu	RHB Bank Berhad	4 storey commercial building	393	Bank Branch	42	Freehold	—	1,342	1999
54. 18-A, Jalan Tengku Ahmad, Pasir Mas	RHB Bank Berhad	3 units of 2 storey shophouses	335	Bank Branch	43	Leasehold	2017	507	1999
55. Ground & First Floor No.164, Jalan Pintu Pong, Kota Bharu	RHB Bank Berhad	Ground & First Floor of office complex	1,377	Vacant	10	Freehold	—	2,045	1995
Kedah									
56. 27 & 28 Jalan Bakar Arang Sungai Petani	RHB Bank Berhad	2 units of 3-storey shops lots	1,130	Bank Branch	9	Freehold	—	740	1996
57. Ground & First Floor No. 5 & 6 Block C Bangunan Peruda Kuala Kedah	RHB Bank Berhad	2 units of 2 storey shop lots	443	Bank Branch	31	Leasehold	2075	192	1994
58. 1519, Jalan Tuanku Ibrahim, P.O.Box No. 3, Alor Setar	RHB Capital Properties Sdn Bhd	3 storey shop lot	531	Bank Branch	25	Leasehold	2027	238	1979
59. 97J, Seberang Jalan Putera, Alor Setar	RHB Bank Berhad	2 storey shoplot	654	Bank Branch	28	Leasehold	2033	740	1999
60. Lot Nos. 104, 105 & 106 Taman Pekan Baru Sungai Petani	RHB Bank Berhad	3 units of 3 1/2 storey shop lots	1,560	Bank Branch	10	Leasehold	2091	1,211	1997

List of properties (continued)

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Year of Tenure	Net Book Expiry on Lease	Year of Value 31.12.2005 (RM'000)	Acquisition or Revaluation
Kedah (Cont'd)										
61.	No. 44 & 45 Jalan Raya, Kulim	RHB Bank Berhad	2 units of 2 1/2 storey shophouses	457	Bank Branch	43	Freehold	—	651	1999
62.	No. 13 & 15 Jalan Pandak Mayah 1 Kuah, Langkawi	RHB Bank Berhad	2 units of 2 storey shophouses	268	Bank Branch	17	Freehold	—	720	1999
63.	11 & 12 Lorong Berkat Satu Taman Berkat Padang Serai	RHB Bank Berhad	2 units of 2 storey shophouses	271	Bank Branch	16	Freehold	—	408	1999
Pulau Pinang										
64.	Unit 11, 12 2784 & 2785 Jalan Chain Ferry, Tmn Inderawasih Seberang Prai	RHB Bank Berhad	2 units of 3 storey shop lots	2,363	Bank Branch	10	Freehold	—	3,985	1995
65.	6774, 6775 & 6776 Jalan Kg. Gajah Butterworth	RHB Bank Berhad	3 units of 3 storey building	1,404	Bank Branch	20	Freehold	—	988	1997
66.	Lot No. A16 & A17 Taman Inderawasih Seberang Prai	RHB Bank Berhad	2 units of 2 storey shop lots	709	Bank Collection Centre	11	Freehold	—	841	1997
67.	Lots 112 & 114 Jalan Tan Sri Teh Ewe Lim Jelutong	RHB Bank Berhad	2 units of 3 storey shop lots	1,419	Bank Branch	13	Leasehold	2086	2,420	1996
68.	No 93-A Jalan Gurdwara 10300 Penang	RHB Delta Finance Berhad	1 unit of 4 storey shoplot	567	Finance Branch	10	Freehold	—	1,318	1996
69.	44 Lebuhr Pantai Georgetown	RHB Bank Berhad	6 1/2 storey office	702	Bank Branch	45	Freehold	—	4,738	1999
70.	15, Jalan Pasar Ayer Itam	RHB Bank Berhad	2 storey commercial building	265	Bank Branch	16	Freehold	—	1,083	1999
71.	1244-1246 Jalan Padang Lallang Bukit Mertajam	RHB Bank Berhad	2 units of 2 storey shophouses	522	Bank Branch	20	Freehold	—	980	1999
72.	1319 Jalan Bharu Chai Leng Park Seberang Prai	RHB Capital Properties Sdn Bhd	1 unit of 2 storey shop lot	885	Vacant	18	Freehold	—	910	1986

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation	
Pulau Pinang (Cont'd)										
73.	Lots No. 10 & 11 Sg Bakap Business Park Seberang Prai	RHB Bank Berhad	2 units of 3 storey shop lots	856	Vacant	10	Freehold	—	686	1995
Perak										
74.	81, Jalan Gopeng Kampar	RHB Bank Berhad	1 unit of 2 storey shop lot	223	Bank Branch	68	Freehold	—	67	1975
75.	83, Jalan Gopeng Kampar	RHB Bank Berhad	1 unit of 2 storey shop lot	223	Bank Branch	68	Freehold	—	267	1996
76.	85, Jalan Gopeng Kampar	RHB Bank Berhad	1 unit of 2 storey shop lot	223	Bank Branch	68	Freehold	—	265	1994
77.	33A & 33B Jln Besar Ayer Tawar	RHB Bank Berhad	2 units of 2 storey shop lots	743	Bank Branch	38	Freehold	—	339	1979
78.	18, 19 Jalan Besar Sungkai	RHB Bank Berhad	2 units of 2 storey shop lots	758	Bank Branch	16	Freehold	—	393	1997
79.	433 & 435 Jalan Silibin Taman Silibin Jelapang	RHB Capital Properties Sdn Bhd	2 units of 2 storey Shop lots	908	Bank Branch	21	Leasehold	2073	567	1983
80.	57, 59 Medan Gopeng Satu Gunung Rapat Ipoh	RHB Bank Berhad	2 units of 3 storey shophouses	1,104	Bank Branch	25	Leasehold	2077	354	1997
81.	11, 12 Lorong Medang Taman Simpang Simpang, Taiping	RHB Bank Berhad	2 units of 2 storey shophouses	654	Bank Branch	19	Leasehold	2081	321	1999
82.	No.37, Jalan Medan Ipoh 5, Bandar Baru Medan Ipoh, Ipoh	RHB Insurance Berhad	2 storey shophouse	514	Insurance Branch	12	Leasehold	2092	619	1999
83.	No. 243, (Lot 8806) Jalan Besar Bagan Serai	RHB Bank Berhad	2 storey commercial building	151	Bank Branch	43	Freehold	—)))))	931	1999
84.	No. 243, (Lot 8808) Jalan Besar Bagan Serai	RHB Bank Berhad	2 storey commercial building	303	Bank Branch	46	Freehold	—)		1999
85.	Lots PT 1374 & 1375 Jalan Hutan Melintang Taman Sri Perak Simpang Empat Hutan Melintang	RHB Bank Berhad	2 units of 2 storey shophouses	388	Bank Branch	16	Leasehold	2085	345	1999

List of properties (continued)

	Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation
Perak (Cont'd)										
86.	7, Jalan Daeng Selili Kuala Kangsar	RHB Bank Berhad	2 storey shophouse	128	Bank Branch	44	Freehold	—	96	1999
87.	139 & 140 Jalan Besar Sungai Siput	RHB Bank Berhad	2 units of 2 storey shophouses	446	Bank Branch	43	Freehold	—	401	1999
88.	No. 68 & 70 Jalan Kota Taiping	RHB Bank Berhad	2 units of 3 storey shophouses	303	Bank Branch	44	Freehold	—	656	1999
89.	No. 2, 4, 6 & 8 Jalan Tun Sambathan Ipoh	RHB Bank Berhad	4 storey office building	630	Bank Branch	7	Freehold	—	6,231	1999
90.	31 & 33 Jln Intan 2 Bandar Baru Teluk Intan	RHB Bank Berhad	3 storey shoplot	338	Bank Branch	7	Freehold	—	745	1999
91.	44, Jln Tok Peh Kong Parit Buntar	RHB Bank Berhad	2 storey commercial building	399	Bank Branch	18	Freehold	—	591	1999
92.	6, Jalan Daeng Selili Kuala Kangsar	RHB Bank Berhad	2 storey shophouse	129	Bank Branch	Pre war	Freehold	—	279	1999
93.	25C, Jalan Datuk Ahmad Yunus Sitiawan	RHB Bank Berhad	3 1/2 storey commercial building	327	Bank Branch	21	Freehold	—	678	1999
94.	699-710 Jalan Tasek Ipoh	RHB Bank Berhad	2 units of 2 storey shophouses	286	Bank Branch	19	Freehold	—	394	1999
95.	No. 62, Persiaran Greenhill Ipoh	RHB Bank Berhad	4 storey shophouses	409	Bank Branch	13	Leasehold	2894	2,296	1999
96.	Geran 8444 Lot 189N, 191N 193N, Sekyen 27 Jalan Tun Sambathan Ipoh	RHB Capital Properties Sdn Bhd	Vacant land	669	Vacant	20	Freehold	—	1,836	1984
Johor										
97.	4 & 5 Jalan Raya Taman Seraya Kulai	RHB Capital Properties Sdn Bhd	2 units of 3 storey shop lots	858	Bank Branch	19	Freehold	—	457	1985
98.	Ground Floor 35 & 37 Jln Permas Jaya 10/2 Bandar Baru Permas Jaya	RHB Bank Berhad	2 units of 4 storey shophouses	1,428	Bank Branch	9	Freehold	—	2,086	1997

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation	
Johor (Cont'd)										
99.	1 & 2, Jalan Raya Taman Tiram Baru Ulu Tiram	RHB Bank Berhad	4 storey building	1,312	Bank Branch	19	Freehold	—	848	1997
100.	10-A1, A2, A3 & A4 Pusat Perdagangan Jalan Bandar Pasir Gudang	RHB Bank Berhad	1 unit of 4 storey shop lot	1,399	Bank Branch	11	Leasehold	2089	1,460	1994
101.	105 & 106 Jalan Besar Yong Peng	RHB Bank Berhad	2 units of 2 storey shophouses	372	Bank Branch	43	Freehold	—	692	1999
102.	9, Jalan Abdullah Muar	RHB Bank Berhad	3 1/2 storey commercial building	737	Bank Branch	28	Freehold	—	3,412	1999
103.	89, Jalan Rahmat Batu Pahat	RHB Bank Berhad	4 storey office building	462	Bank Branch	20	Freehold	—	1,807	1999
104.	110 & 111 Jalan Genuang Segamat	RHB Bank Berhad	4 1/2 storey commercial building	382	Bank Branch	13	Freehold	—	1,305	1999
105.	8 & 9 Jalan Kijang Taman Mohd Yassim Simpang Renggam	RHB Bank Berhad	2 units of 3 storey shophouses	164	Bank Branch	20	Freehold	—	865	1999
106.	2-6, Jalan Ronggeng 1 Taman Skudai Baru Johor Bahru	RHB Bank Berhad	3 storey commercial building	544	Bank Branch	18	Leasehold	2082	1,474	1999
107.	No 45 Jalan Kuning Dua Taman Pelangi 80400 Johor Bahru	RHB Delta Finance Berhad	1 unit of 3 storey intermediate shoplot	439	Finance Branch	17	Freehold	—	1,656	1996
108.	Ground & Mezzanine Floor, Wisma Eng Lam 9, Jalan Ismail Batu Pahat	RHB Capital Properties Sdn Bhd	2 floors of office space	748	Vacant	14	Freehold	—	1,223	1990
109.	43, Jalan Bakawali 37 Taman Johor Jaya Johor Bahru	RHB Bank Berhad	1 unit of 2 storey shophouse	143	Vacant	15	Freehold	—	313	1999
110.	45 & 47 Jalan Bakawali 37 Taman Johor Jaya Johor Bahru	RHB Bank Berhad	2 units of 2 storey shophouses	353	Vacant	17	Freehold	—	697	1999

List of properties (continued)

Location	Owner	Description of Property	Area (sq. m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2005 (RM'000)	Year of Acquisition or Revaluation	
Sabah (Cont'd)										
120.	Ground & First Floor Lot No. 5, Block 27 Fajar Complex Tawau	RHB Bank Berhad	Ground , First & Second Floor of office complex	1,319	Bank Branch	13	Leasehold	2095	1,607	1994
121.	Lot No. 1 & 2, Block A Metro Shopping Complex Lahad Datu	RHB Bank Berhad	2 units of 3 storey shop lots	752	Bank Branch	10	Leasehold	2085	1,058	1995
122.	Sub-Lot 1, Ground Floor, Wisma Khoo Siak Chiew, Sandakan	RHB Capital Properties Sdn Bhd	Ground Floor of office complex	702	Bank Branch	20	Leasehold	2891	1,931	1984
SINGAPORE										
123.	10, Jalan Besar 01-03 Sim Lim Tower	RHB Bank Berhad	Ground Floor of Office buildings	543	Bank Branch	26	Freehold	—	27,043	1999
124.	No. 537/539 Geylang Road	RHB Bank Berhad	3 storey shophouses	374	Bank Branch	81	Freehold	—	8,733	1999
125.	14A/B, 16A/B & 18A/B East Coast Road	RHB Bank Berhad	3 units of 3 storey shophouses	442	Bank Branch	46	Freehold	—	14,274	1999
126.	1/1A / 1B Yio Chu Kang Road	RHB Bank Berhad	First Floor of office buildings	101	Bank Branch	24	Freehold	—	10,808	1999
127.	64, South Bridge Road	RHB Investment Ltd	5 1/2 storey shophouse	139	Vacant	28	Leasehold	2050	3,126	1999
128.	727/A/B Havelock Road	RHB Investment Ltd	3 storey shophouse	146	Tenanted	Pre war	Freehold	—	3,603	1999
129.	Block 65 Telok Blangah Drives	RHB Investment Ltd	Ground Floor and First Floor of housing development board (HDB)	299	Tenanted	10	Leasehold	2077	3,159	1999
130.	90 Cecil Street	Benfore Pte Ltd	2 commercial buildings	796	Commercial Building	24	Leasehold	2980	95,305	1997
131.	Block 131, #01-1577/9 Jln Bukit Merah Singapore	RHB Bank Berhad	Grd Floor - Office Building 2nd Flr Ancillary	140	Bank Branch	24	Leasehold	2075	3,507	2001

group branch network

as at 31 March 2006

KLANG VALLEY SOUTH RCB (CONSUMER)

Regional Consumer Banking Head:

Mohd Zainal Bong Abdullah

(03-8690 8677) (8690 8682, 8690 8683)

1) **Ampang Point**

37 & 38, Jalan Memanda 7

Taman Dato' Ahmad Razali

Jalan Ampang

68000 Ampang, Selangor

Ahmad Rifa'i Bin Ibrahim

Branch Manager (03-4251 1271)

CSM : Mariamah Binti Abu Hassan

Tel : (03) 4252 1753, 4252 1907

Fax : (03) 4252 1898

2) **Bahau**

Ground & First Floor

Lot 982 & 983, Wisma UMNO Jempol

Jalan Gurney

72100 Bahau, Negeri Sembilan

Deo Lee Yean

Branch Manager (06-454 2722)

CSM : Chin Kee Siong

Tel : (06) 454 1305

Fax : (06) 454 4015

3) **Bandar Baru Ampang, Selangor**

27G - 29G Ground Floor &

29A First Floor

Jln Wawasan Ampang 2/3

Bandar Baru Ampang

68000 Ampang, Selangor

Erutheya Nathan A/L Anthonysamy

Branch Manager (03-4270 2059)

CSM : Nurul Akmal Binti Ab Khalid

Tel : (03) 4270 2069, 4270 2068

Fax : (03) 4270 2060

4) **Bandar Baru Nilai**

PT 7460 & 7461

Jalan Bandar Baru Nilai 1/1A

Putra Point, Bandar Baru Nilai

71800 Nilai, Negeri Sembilan

Hashimah Bt Muypop

Branch Manager (06-7941010)

CSM : Rozaimah Bt Abd Razak

Tel : (06) 794 1009, 1006, 1007, 1011

794 1008, 1014, 1015, 1017

(Ops)

Fax : (06) 799 6095

5) **Jenjarom**

M38 & M40, Jalan Besar

42600 Jenjarom, Selangor

Anuar Bin Ariffin

Branch Manager (03-3191 3477)

CSM : Nazarudin B Abd Mutalip

Tel : (03) 3191 3422, 3191 3433

Fax : (03) 3191 4328

6) **Kajang**

25, Jalan Raja Harun

Taman Hijau

43000 Kajang, Selangor

Shafik Bin Yusof

Branch Manager (03-8736 2050)

CSM : Lee @ Lye Sai Wai

Tel : (03) 8736 0599, 8736 0177

Fax : (03) 8733 8570

7) **KLIA**

Unit 2A & 2B Block D3, Jalan KLIA S3

Southern Common Facilities

KLIA Selatan

64000 Kuala Lumpur International

Airport, Selangor

Musa Bin Hj. Yusof

Branch Manager

CSM : Francis Albert Theseira

Tel : (03) 8787 4799, 8787 4801

Fax : (03) 8787 4802

8) **Mines Shopping Fair, Selangor**

G20, The Mines Shopping Fair

Jalan Dulang, Off Jalan Balakong

Mines Resort City

43300 Seri Kembangan, Selangor

Roslina Bt Mohamad

Branch Manager (03-8942 5195)

CSM : Ng Chwee Ping

Tel : (03) 8942 5055, 8942 5157

Fax : (03) 8942 5218

9) **Pandan Indah, Selangor**

Ground & Mezzanine Floor

7 & 9, Jalan Pandan Indah 4/2

55100 Pandan Indah, Selangor

Mohamad Noor Bin Baharudin

Branch Manager (03-4295 6339)

CSM : Mohd Aris Hassan

Tel : (03) 4295 0981, 4295 2260

Fax : (03) 4295 7127

10) **Kuala Pilah**

Lots P.T. 9 & 10, Jalan Melewar

72000 Kuala Pilah, Negeri Sembilan

Jakiah Bte Hassan

Branch Manager (06-481 3995)

CSM : Noor Baya Bt. Ali Bashah

Tel : (06) 481 1442, 1513

Fax : (06) 481 6478

11) **Putrajaya (Precinct 8)**

Blok C - T.00 - U.02 & U.03

1, Jalan P 8 D

62250 Putrajaya

Azizi Bin Md Tahir

Branch Manager (03-8889 1008)

Tel : (03) 8889 2546, 8889 2548

8889 2549

CSM : Abd Malek B Ahmad

Fax : (03) 8889 2900

12) **Rantau**

158 & 159, Jalan Besar

71200 Rantau

Negeri Sembilan

Nor Azri Bin Haji Zaimardzuki

Branch Manager (06-694 4042)

CSM : Jenal b. Majid

Tel : (06) 694 1969, 694 1589

Fax : (06) 694 2690

13) **Rasah Jaya**

677-678

Jalan RJ 1/6

Rasah Jaya

70300 Seremban, Negeri Sembilan

Maimunah Binti Nordin

Branch Manager (06-631 2333)

CSM : Ramlan Bin Rahim

Tel : (06) 631 2869, 631 2868

631 2892

Fax : (03) 631 4433

14) **Salak South, KL**

178-180, Main Street, Salak South

57100 Kuala Lumpur

Azlan Abdullah

Branch Manager (03-7983 6804)

CSM : Tan Lee Lee

Tel : (03) 7983 9177, 9458, 9306

Fax : (03) 7981 3357

group branch network

as at 31 March 2006 (continued)

- 15) **Seremban**
10 & 11, Jalan Dato' Abdul Rahman
70000 Seremban, Negeri Sembilan
Mohd Rawi Bin Idrus
Branch Manager (06-762 3023)
CSM : Barizah Bt Abdullah
Tel : (06) 763 8623, 8555, 762 5249
Fax : (06) 762 0192
- including :-*
Giant Senawang (Service Centre)
Lot B42 - B44, Giant Hypermarket
Senawang
1571, Jalan Senawang
70450 Senawang, Negeri Sembilan
Norhanizam Bin Jamil
OIC: (06-678 1318)
Tel : (06) 678 1320, 678 1373
Fax : (06) 678 1477
- 16) **Seri Kembangan, Selangor**
Lot 1484A & B, Jalan Besar
43300 Seri Kembangan, Selangor
Poon Bak Kian
Branch Manager (03-8943 9271)
CSM : Elwan @ Elwan Awang
B. Itam Wali
Tel : (03) 8943 1455, 8943 1357, 0276
Fax : (03) 8943 0441
- 17) **Simpang Pertang**
42 & 43, Taman Sri Pertang
72300 Simpang Pertang, N Sembilan
Md Zaid B. Othman
Branch Manager (06-492 9550)
CSM : Wong Choy Choo
Tel : (06) 492 9520, 492 9550
Fax : (06) 492 9190
- 18) **Sungai Pelek**
76 & 77, Jalan Besar
43950 Sungai Pelek, Selangor
Chun Chun An @ Cheng Chun An
Branch Manager (03-3141 1385)
CSM : Lew Teck Fong
Tel : (03) 3141 1176, 3141 1394
Fax : (03) 3141 1100
- 19) **Taman Indah, Selangor**
7 & 9, Jalan SS 2/1
Off Jalan Balakong
Taman Indah, Batu 11
43200 Cheras, Selangor
Wong Sou Lee
Branch Manager (03-9074 0999)
CSM : Imaduddin Bin Harun
Tel : (03) 9074 0998, 9074 0997
Fax : (03) 9074 1344
- 20) **Taman Midah, KL**
18 & 20, Jalan Midah Satu
Taman Midah
56000 Kuala Lumpur
Tan Ka Yau
Branch Manager (03-9133 2407)
CSM : Mohd Faizal Bin Che Othman
Tel : (03) 9131 2826, 9131 2898
Fax : (03) 9130 0588
- 21) **Taman Permata, Selangor**
Lot 6 & 7, Ground Floor
Giant Hypermarket Complex
Jalan Changkat Permata, Tmn Permata
53300 Selangor
Mak Choe Kong
Branch Manager (03-4106 9902)
CSM : Hairani Bte Yaacob
Tel : (03) 4106 9726, 9308, 9832
Fax : (03) 4106 9810
- 22) **Taman Shamelin, KL**
38-1-5, Shamelin Business Centre
Jalan 4/91, Taman Shamelin Perkasa,
56100 Kuala Lumpur
(Located right in front of the existing
premise.)
Zuraini Bt Ahmad
Branch Manager (03-9282 7381)
CSM : Ang Siew Choo
Tel : (03) 9282 7385, 7386, 7382
Fax : (03) 9282 7380
- 23) **Taman Sungai Besi, KL**
30, Ground & First Floor, Jalan 7/ 108C
Taman Sungai Besi
57100 Kuala Lumpur
Ooi Bee Buan
Branch Manager (03-7983 8163)
CSM : Leong Keng Hong
Tel : (03) 7983 2105, 2794, 7984 3014,
3016
Fax : (03) 7981 8875
- 24) **Taman Suntex, Selangor**
5 & 6, Jalan Kijang 1
Taman Suntex, Batu 9
43200 Cheras, Selangor
Tan Swee Fock
Branch Manager (03-9075 6506)
CSM : Chin King Ting
Tel : (03) 9074 7888, 9074 7804
Fax : (03) 9074 7879
- 25) **Taman Taming Jaya, Selangor**
1, Jalan Taming Kanan 2
Taman Taming Jaya
43300 Balakong, Selangor
Lee Meng Hong
Branch Manager (03-8961 1193)
CSM : Rosmawati Bte Mohamed Zin
Tel : (03) 8961 1194, 8961 1195
Fax : (03) 8961 1197
- 26) **Tanjung Sepat**
1 & 3, Jalan Senangin Satu
Taman Tanjung
P. O. Box No 201
42809 Tanjung Sepat, Selangor
Yap Bee Fat
Branch Manager (03-3197 3116)
CSM : Yong Bee Lian
Tel : (03) 3197 4035, 3197 4235, 4788
Fax : (03) 3197 4568
- 27) **Putrajaya Precinct 2**
G-1, Blok 2, Menara PjH, Precinct 2
62100 Wilayah Persekutuan Putrajaya
Zaiton Hashim
Branch Manager (03-8888 0260)
CSM : Abu Sufian B Muin
Tel : (03) 8889 2676, 8889 3395
Fax : (03) 8888 9796
- KLANG VALLEY CENTRAL RCB (CONSUMER)**
Regional Consumer Banking Head:
Andrew Loh
(03-5635 5481) (5635 5413, 5635 5449)
- 1) **`1' Utama, Petaling Jaya**
Lot F38 & F39 (1st Floor)
`1' Utama Shopping Centre, Lebuhraya
Bandar Utama
47800 Petaling Jaya, Selangor
Tan Kim Soon
Branch Manager (03-7728 3502)
CSM : Mahamad Napi Bin Harun
Tel : (03) 7728 3454, 7728 3470
Fax : (03) 7728 3496
- 2) **11,13 & 15, Jalan Niaga, Shah Alam**
11, 13 & 15, Jalan Niaga 16/3A
Section 16
40000 Shah Alam, Selangor
Mohd Zol Bin Md. Yassin
Branch Manager (03-5519 1875)
CSM : Mohd Noorfairuz Bin Ma'on
Tel : (03) 5510 3131 / 3135 / 6289 /
3931 / 3849
Fax : (03) 5519 6166

group branch network

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- 3) **48-50, Jalan SS15/4D, Subang Jaya**
Lot 48-50 Jln SS15/4D
Subang Jaya
47500 Selangor
Yap Chong Poh
Branch Manager (03-5634 4980)
CSM : Fuziah Bt Din
Tel: (03) 5634 4970 / 5634 4976
Fax: (03) 56344848
- 4) **Bandar Baru Sungai Buloh**
391 & 392, Jalan 1A/1
Bandar Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Chin Ai Ling
Branch Manager (03-6156 8063)
CSM : Mazmil B Nasir
Tel : (03) 6156 1712 / 1713 / 1711 /
4034 / 5707
Fax : (03) 6156 7803
- 5) **Bandar Sri Damansara**
1 & 2, Jalan Tanjung SD 13/1
52200 Bandar Sri Damansara, S'gor
BM: Ong Suan Eng
Branch Manager (03-6274 6931)
CSM : Sharipah Faridah Bt Ibrahim
Tel : (03) 6274 5287, 6274 5532,
6274 5576
Fax : (03) 6274 2917
- 6) **Damansara Jaya**
22 & 24, Jalan SS 22/25
Damansara Jaya
47400 Petaling Jaya, Selangor
Lancelot Maurice De Souza
Branch Manager (03-7726 5109)
CSM : Khoi Lay Kee
Tel : (03) 7729 5132, 7729 5137 &
7729 3853
Fax : (03) 7729 9169
- 7) **Desa Tunku, Petaling Jaya**
54A & 54B, Jalan SS 1/22
Kampung Tunku
47300 Petaling Jaya, Selangor
Bek Kok Kee
Branch Manager (03-7875 0490)
CSM : Norsalina Mohd Salleh
Tel : (03) 7875 0080, 7875 0452
Fax : (03) 7875 0407
- 8) **IOI Mall, Puchong**
Lot G18A (Ground Floor), IOI Mall
Batu 9, Jalan Puchong
Bandar Puchong Jaya
47100 Puchong, Selangor
Cheah Ghim Swee (Relief)
Branch Manager (03-5882 0876)
CSM : Kow Swee Moi
Tel : (03) 5882 0870/0874/0875/0879
Fax : (03) 5882 0871
- :- including*
TESCO PUCHONG (Service Centre)
Lot 4A, Tingkat 1
Tesco Puchong , Jalan Bandar 3
Pusat Bandar Puchong
47100 Selangor
OIC : Mohd Khair B. Buyong
Tel : (03) 8075 7980, 8075 8196
Fax : (03) 80758361
- 9) **Jalan Meru, Kelang**
147 & 149
1 1/2 Miles, Jalan Meru
41050 Kelang, Selangor
Rahim Kamaruddin
Branch Manager (03-3344 2752)
CSM : Suriyati Binti Sarbi
Tel : (03) 3344 2751, 3344 2750
Fax : (03) 3344 2755
- 10) **Jalan SS21/39, Damansara Utama**
2M & 2G Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya, Selangor
Kok Nam Et
Branch Manager
CSM : Aznita Sherein Binti Mohd Karim
Tel : (03) 7726 2306, 7726 2307 &
7726 2308
Fax : (03) 7726 2305
- 11) **Jalan Stesen, Kelang**
24 & 26, Jalan Stesen
41000 Kelang, Selangor
Mohd Hassan B K E Mohd Maideen
Branch Manager (03-3372 2937)
CSM : Khaw Hock Seang
Tel : (03) 3371 9669, 3371 9652
3372 7242
Fax : (03) 3372 9613
- 12) **Jln T. Amp Zabedah, Shah Alam**
16 & 18, Ground & First Floor
Jln T. Amp Zabedah D9/D, Section 9
40100 Shah Alam, Selangor
Rohani Abdul Talib
Branch Manager (03-5510 0529)
CSM : Wan Ainon Azlina
Wan Abd Khalid
Tel : (03) 5510 0559, 5511 4127/4128
5512 9829
Fax : (03) 5513 1834
- including :-*
Giant Shah Alam (Service Centre)
Lot B26 - B27
Giant Hypermarket, Shah Alam
2, Persiaran Sukan, Seksyen 13
40100 Shah Alam, Selangor
OIC : Anita a/p R. Neelankandan
(03-5511 1515)
Tel : (03) 5511 9085
Fax : (03) 5512 8899
- 13) **Kampung Baru Sungai Buloh**
25, Jalan Public
Kampung Baru Sungai Buloh
47000 Sungai Buloh, Selangor
Thoo Chiong Hock
Branch Manager (03-6156 9030)
CSM : Chai Chiaw Tien
Tel : (03) 6156 9301, 6156 9302 &
6156 9344
Fax : (03) 6156 8645
- 14) **Meru**
1, Lorong Pepauh 1A
Taman Pekan Meru
41050 Kelang, Selangor
Azli Hanef
Branch Manager (03-3392 4498)
CSM : Zainal Abidin Bin Hamzah
Tel : (03) 3392 4501, 3392 4502 &
3392 4503
Fax : (03) 3392 4504
- 15) **New Town, Petaling Jaya**
1, 3 & 5, Jalan 52/18
New Town Centre
46200 Petaling Jaya, Selangor
Idris Abd Aziz
Branch Manager (03-7955 5188)
CSM : Lim Beng Kian
Tel : (03) 7956 9611, 7956 9612 &
7956 1994
Fax : (03) 7957 8984

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- 16) **Persiaran Sultan Ibrahim, Kelang**
33, Persiaran Sultan Ibrahim
41300 Kelang, Selangor
Tan Kok Hua
Branch Manager (03-3344 2319)
CSM : Faridah Bt Wahab
Tel : (03) 3342 0433, 3342 0434
3342 0435
Fax : (03) 3342 9145
- 17) **Section 14, Petaling Jaya**
1, Jalan 14/20
46100 Petaling Jaya, Selangor
Abd Latiff Bin Mohd Tahir
Branch Manager (03-7955 1168)
CSM : Nik Amimah Bt Nik Abdul Aziz
Tel : (03) 7957 4742, 7957 4460
Fax : (03) 7955 6219
- 18) **Port Klang**
Persiaran Raja Muda Musa
42000 Pelabuhan Kelang, Selangor
Gunasekaran Raghavan
Branch Manager (03-3167 3333)
Tel : (03) 3168 7142 / 7143 / 0337/
0349
CSM : Juahir Bt Hj Mohamed
Tel : (03) 3165 6720
Fax : (03) 3166 1351
(Ground Floor - Operations)
Fax : (03) 3167 6533
(1st Floor - Remittances)
- :- including*
Giant Bukit Tinggi, (Service Centre)
(Formerly Pandamaran Branch)
Lot A22 & A2, Persiaran Batu Nilam
Bandar Bukit Tinggi 1
Jalan Langat
41200 Klang
Sesuraju Anathan
OIC & Sales
Tel : (03) 3323 6682, 6684 & 7278
Fax No. (Sales): (03) 3323 7957
Operations Tel: (03) 3324 1892,
3324 3581
Fax No. (Operations): (03) 3324 9869
- 19) **SS2, PJ**
157 & 159, Jalan SS2/24
Sg Way / Subang
47300 Petaling Jaya, Selangor
Mashhudi B. Mashud
Branch Manager (03-7875 3103)
CSM : Normi Mohamed
Tel : (03) 7875 3724 / 7895 / 3259
7874 2994
Fax : (03) 7875 6600
- including:-*
Giant Kelana Jaya (Service Centre)
(25-3-2004)
Lot F1, F2 and F3
Tingkat 1
No. 33 Jalan SS 6/12
SS 6 Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Wan Badi'ah Bt Wan Omar
Branch Manager (03-78043855)
Tel : (03) 78043658
Fax : (03) 78044048
- 20) **Taman Kinrara, Puchong**
4, 5 & 6, Jalan TK 1/11A
Taman Kinrara, Section 1
Batu 7 1/2, Jalan Puchong
47100 Puchong, Selangor
Ainaridar Bt Abdullah
Branch Manager (03-8070 5273)
CSM : Han Lee Lin
Tel : (03) 8070 5275, 8070 5300 &
8070 5303
Fax : (03) 8070 5272
- 21) **Taman Megah, Petaling Jaya**
11 - 15, Jalan SS 24/11
Taman Megah
47301 Petaling Jaya, Selangor
BM: Noridah Abdul Samad
Branch Manager (03-7804 6133)
CSM : Mohd Hanafi Ahmad
Tel : (03) 7804 1258/ 7481/7090/9040
Fax : (03) 7804 1629
- 22) **Tanjong Karang**
Lot 1 & 3, Jalan Satu
Taman Tanjong Karang Baru
45500 Tanjong Karang, Selangor
Ridzuan Bin Ahmad
Branch Manager (03-3269 1812)
CSM : Rosli Bin Ahmad
Tel : (03) 3269 5039, 3269 8171
3269 1812
Fax : (03) 3269 8078
- 23) **UEP Subang Jaya**
47 & 49, Jalan USJ 10/1
UEP Subang Jaya
47620 Petaling Jaya, Selangor
Zamri B. Zainal
Branch Manager (03-5637 3596)
CSM : Eddy Witasa Astaman
Tel : (03) 5637 3592 / 3593 / 3594
Fax : (03) 5637 3941
- KLANG VALLEY NORTH RCB (CONSUMER)**
Regional Consumer Banking Head :
Md Said Md Dom
(03) 2162 8017) (2164 8994)
- 1) **53 & 55, Pasar Borong, Selayang, KL**
53 & 55, Jalan 2/3A
Off KM 12, Jalan Ipoh
68100 Batu Caves, Kuala Lumpur
Sukor Mohamed
Branch Manager (03-6136 3676)
CSM : Norizan Binti Ahmad
Tel : (03) 6136 3284, 6136 3169
6136 8975
Fax : (03) 6136 3243
- 2) **75 Jalan Tun H.S. Lee, KL**
75, Jalan Tun H.S. Lee
50000 Kuala Lumpur
Tan Cheng Yam
Branch Manager (03-2078 3576)
CSM : Abd Rahman Bin Abd Rani
Tel : (03) 20729072, 20531485
Fax : (03) 2072 7591

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- 3) **Bangsar Baru, KL**
48 & 50
Ground Floor
Jalan Maarof, Bangsar Baru
59100 Kuala Lumpur
Nuraisyah Muhd Yusof
Branch Manager (03-2282 9182)
CSM : Jumailiah Binti A Jamil
Tel : (03) 2282 5486, 2282 3862
2282 5551
Fax : (03) 2282 5571
- 4) **Bangsar Shopping Complex, KL**
G129 Ground Floor
Bangsar Shopping Centre
285, Jalan Ma'arof
Bangsar, 59100 Kuala Lumpur
Foong Miew Wan
Branch Manager (03-2284 6873)
CSM : Roslina Bte Zakaria
Tel : (03) 2284 6870, 2284 6872
2284 6875
Fax : (03) 2284 6896
- 5) **Damansara Heights, KL**
Lots C9 - C12, Block C
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Mohd Shuaimi Bin Mohd Kurdi
Branch Manager (03-2096 2402)
CSM : Nor Azian Bt Ibrahim
Tel : (03) 2095 7068, 2095 7069
2095 7088
Fax : (03) 2093 7515
- 6) **Desa Sri Hartamas, KL**
6, Jalan 24/ 70A
Desa Sri Hartamas
50480 Kuala Lumpur
Razali Md Noh
Branch Manager (03-2300 2356)
CSM : Shaari Bin Mamyudi
Tel : (03) 2300 2360, 2300 1754
Fax : (03) 2300 2358
- 7) **Jalan Bukit Bintang, KL**
58 - 60, Jalan Bukit Bintang
55100 Kuala Lumpur
Margaret Foong Yoon Har
Branch Manager (03-2143 1858)
CSM : Kwa Chiew Choo
Tel : (03) 2142 3396, 2142 4051
2148 7031
Fax : (03) 2142 1448
- 8) **Jalan Imbi, KL**
173-175, Jalan Imbi
55100 Kuala Lumpur
Branch Manager (Vacant)
CSM : Sharifah Noor Azian Bt Syed Ahmad
Tel : (03) 2142 3526, 2142 3605
2143 0820, 2143 3658
Fax : (03) 2141 4624
- 9) **Jalan Ipoh, KL**
14 - 16, Jalan Ipoh
51200 Kuala Lumpur
Syed Othman Syed Zain
Branch Manager (03-4041 2429)
CSM : Zuraida Bt Ahmad
Tel : (03) 4042 8068, 4042 8601
4042 2573
Fax : (03) 4041 1411, 4043 0653
- 10) **Jalan Maharajalela, KL**
Unit 1, Ground Floor
Bangunan Cheong Wing Chan
41 - 51, Jalan Maharajalela
50150 Kuala Lumpur
Mustaffa Hj Mohd Raji
Branch Manager (03-2274 9861)
CSM : Lee Shu Yin
Tel : (03) 2274 9820, 2274 0475
2273 0993
Fax : (03) 2274 9843
- including :-*
KL Sentral (Service Centre)
Unit 7, Level 1 (Arrival Hall)
City Air Terminal
KL Sentral Station
50470 Kuala Lumpur
OIC - Azizi Ali (Acting)
Tel: (03) 2273 5000
Fax : (03) 2274 7000
- 11) **Jalan Pasar, KL**
50 - 52, Jalan Pasar
55100 Kuala Lumpur
Goh Sing Min
Branch Manager (03-2141 7313)
CSM : Amran Bin Sudin
Tel : (03) 2141 4167, 2148 8967
Fax : (03) 2142 8390
- 12) **Jalan Tun Perak, KL**
19 & 21, Mezzanine Floor
Jalan Tun Perak
50050 Kuala Lumpur
Zahara Fadzil
Branch Manager (03-2072 7898)
CSM : Ahmad Shobirin Bin Amran
Tel : (03) 2072 3677, 2072 1276
2072 3676
Fax : (03) 2070 7807
- 13) **Jinjang Utara, KL**
3472 & 3473, Jalan Besar
Jinjang Utara
52000 Kuala Lumpur
Yap Yin Poh
Branch Manager (03-62589757)
Tel : (03) 6257 7053, 6257 7808
CSM : Faridah Hanom Bte Zainal Abidin
Fax : (03) 6252 7158
- 14) **Kepong, KL**
321, Batu 7
Jalan Kepong
Kepong Baru
52100 Kuala Lumpur
Chua Kan Chai
Branch Manager (03-6274 1062)
CSM : Kong Siew Kim
Tel : (03) 6274 0022, 6274 0593
6274 0463
Fax : (03) 6274 8615, 6272 6521
- 15) **KLCC**
Lot G 34, Ground Level
Petronas Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Chan Chew Ling
Branch Manager (03-2164 4350)
CSM : Azmi Bin Mad Rashid
Tel : (03) 2164 4423, 2164 4125/128
Fax : (03) 2164 6213

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- 16) **Kuala Lumpur Main**
Level 1, Tower Two
RHB Centre
426, Jalan Tun Razak
50400 Kuala Lumpur
Hashim Bin Hassan
Branch Manager (03-9280 7154)
CSM : Ng Seer Seng
Tel : (03) 92813030, 9280 6006
9280 6010
Fax : (03) 9287 4173
- Including:*
**Menara Yayasan Tun Razak,
Kuala Lumpur Service Centre,**
Ground Floor, Menara Yayasan Tun
Razak, 200, Jln Bukit Bintang, 55100
Kuala Lumpur W.P.
OIC : Azmi Bin Kudrat
Tel: (03) 21625068
Fax: (03) 21621609
- 17) **Menara Tun Razak, KL**
Ground Floor, Block Annexe
Menara Tun Razak
Jalan Raja Laut Sambungan
50350 Kuala Lumpur
Muhammad Dan Bin Enche Embi
Branch Manager (03-2692 3319)
CSM : Low Sea Seng
Tel : (03) 2693 3249, 2693 3392
3516, 3124
Fax : (03) 2693 6605
- 18) **Mid Valley, KL**
17-G and 17-1, The Boulevard
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
Sheng Yuet Meng
Branch Manager (03-2284 6397)
CSM : Harmi Ramli
Tel : (03) 2284 4339, 2284 4360
2284 4353
Fax : (03) 2284 4350
- 19) **Overseas Union Garden, KL**
140 & 142 Jalan Mega Mendung
Bandar Complex, Batu 41/2
Jalan Kelang Lama
58200 Kuala Lumpur
Lok Kai Chee
Branch Manager (03-7984 6957)
CSM : Mohd Zamuri Bin Mohd Noor
Tel : (03) 7983 9863, 7983 9864
7983 9861
Fax : (03) 7980 8081
- 20) **Plaza OSK, KL**
Ground and Mezzanine Floor
Podium Block, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Kashnor Supian
Branch Manager (03-2164 4315)
CSM : Zaimee Bt Mohd Ghouse
Tel : (03) 2164 4326, 2164 4315
2164 4339
Fax : (03) 2161 2972, 2164 3679
- including :-*
Ampang Park (Sales Kiosk)
114 - 116, Ampang Park Complex
Jalan Ampang
50450 Kuala Lumpur
OIC: Maureen Tan Swee Lian
(03-2164 4348)
Tel : (03) 2163 2121
Fax : (03) 2162 1479
- 21) **President House, KL**
No 54 Ground Floor
Jalan Sultan Ismail
50250 Kuala Lumpur
Norhayati Binti Ariffin
Branch Manager (03-2144 3733)
CSM : Nor Hawati Abd. Kadir
Tel : (03) 2144 6311, 2144 3731
Fax : (03) 2144 0845
- 22) **Rawang**
Ground, First & Second Floor
10 & 11, Jalan Maxwell
48000 Rawang, Selangor
Muralitharan A/L Rahman
Branch Manager (03-6092 5752)
Tel : (03) 6092 5035, 6092 5036
CSM : Annuar Bin Ali
Fax : (03) 6092 4788
- 23) **Segambut, KL**
42 & 42A, Jalan Segambut Tengah
Segambut, 51200 Kuala Lumpur
Rosli Ahmad
Branch Manager (03-6257 5604)
CSM : MainuHarizah Meor Yahya
Tel : (03) 6257 8777, 6257 8999
6257 6888
Fax : (03) 6252 2801
- 24) **Setapak, KL**
257 & 259, Jalan Genting Kelang
53300 Setapak Kuala Lumpur
Mehiran Ismail
Branch Manager (03-4023 7492)
CSM : Siow Mei Lian
Tel : (03) 4023 7444, 4023 7476
4025 4905
Fax : (03) 4024 1353
- 25) **Taman Sri Selayang, Selangor**
19, Taman Sri Selayang
68100 Batu Caves, Selangor
Zaleha Hj Md Salleh
Branch Manager (03-6185 3925)
CSM : Chan Teck Chye
Tel : (03) 6189 9912, 6189 9910
6189 9913
Fax : (03) 6187 6793
- 26) **Taman Tun Dr. Ismail, KL**
15 & 17, Jalan Tun Mohd Fuad 3
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tuan Ilham Tuan Ibrahim
Branch Manager (03-7726 4303)
CSM : Noor Fadzilah Binti Najmuddin
Tel : (03) 7722 1284, 7726 8995
Fax: 03) 7729 4077
- 27) **Wisma UOA**
Unit 50-G-02, Wisma UOA Damansara
50 Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Chiew Guek Lan
Branch Manager (03-2094 9229)
CSM : Azlin Bt Md Yusof
Tel : (03) 2094 9840, 2094 2643
Fax : (03) 2094 9107

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NORTHERN RCB (CONSUMER)

Regional Consumer Banking Head :
NG LEK KEAH (04-390 9110)

- 1) 2784 & 2785, Jln Chain Ferry, Prai
Ground Floor, 2784 & 2785,
Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Pulau Pinang
Ong Ai Hou
Branch Manager (04-390 9254)
CSM : Tan Lee Sian
Tel : (04) 390 9255, 390 9257
Fax : (04) 390 3976
- 2) **Ayer Itam**
15, Jalan Pasar
11500 Ayer Itam, Pulau Pinang
Tan Hooi Hwa
Branch Manager (04-828 3555)
CSM : Tan Beng Kew
Tel : (04) 828 3522, 828 5168
Fax : (04) 828 8554
- 3) **Bayan Baru**
42 A, B, C, Jalan Tengah
11950 Bayan Baru, Pulau Pinang
Syed Jalil Syed Jaafar
Branch Manager (04-642 1885)
CSM : Tan Hong Boo
Tel : (04) 642 1880, 642 1882
Fax : (04) 642 1884
- 4) **Bukit Mertajam**
1244 & 1246, Jalan Padang Lallang
Taman Desa Damai
14000 Bukit Mertajam, Pulau Pinang
Tan Hoay Yam
Branch Manager (04-537 5089)
CSM : Ong See Gaik
Tel : (04) 539 1171, 539 1176
Fax : (04) 539 4148
- 5) **Burmah House, Penang**
Ground & Mezzanine Floor
Suite G-02, Burmah House
405, Jalan Burmah, Pulau Tikus
10350 Pulau Pinang
Chin Choong Fee
Branch Manager (04-227 4362)
CSM : Jeffri B Mat Isa
Tel : (04) 227 4367, 227 4364
Fax : (04) 227 4361
- 6) **Jalan Raja Uda, Penang**
Ground & Mezzanine Floor
6957 & 6958, Jalan Raja Uda
Raja Uda Light Industrial Park
12300 Butterworth, Pulau Pinang
Tan Lai Seng
Branch Manager (04-332 4841)
CSM : Ahmad Zailani Bin Baba
Tel : (04) 332 4937, 332 4860
Fax : (04) 332 4946
- 7) **Jalan Raya, Kulim**
44 & 45, Jalan Raya
09000 Kulim, Kedah
Ghazali Bin Jamaludin
Branch Manager (04-490 3876)
CSM : Zuraidah Binti Abdul Kadir
Tel : (04) 490 7642, 490 6641
Fax : (04) 490 1642
- 8) **Jalan Tunku Ibrahim, Alor Setar**
1519, Jalan Tunku Ibrahim
P.O. Box No. 3
05700 Alor Setar, Kedah
Hasmah Bt Jusoh
Branch Manager (04-731 8385)
CSM : Ooi Kim Ean
Tel : (04) 731 6066, 731 6144
Fax : (04) 733 3843
- 9) **Jelutong**
112 & 114, Jalan Tan Sri Teh Ewe Lim
11600, Pulau Pinang
Pathumanathan S/O Shunmugam
Branch Manager (04-282 6928)
CSM : Yeoh Hup Keat
Tel : (04) 282 6922, 282 6921
Fax : (04) 282 6930
- 10) **Kangar**
41 & 43, Persiaran Jubli Emas
Taman Suriani,
01000 Kangar, Perlis
Muhammad Asri Bin Mohd Zain
Branch Manager (04-977 6869)
CSM : Zubaidah Bt Hj Salleh
Tel : (04) 977 6864, 977 6867
Fax : (04) 977 6863
- 11) **Padang Serai**
11 & 12, Lorong Berkat Satu
Taman Berkat
09400 Padang Serai, Kedah
Suthakaran A/L P Sivalingam
Branch Manager (04-485 5950)
CSM : Zakaria Bin Mohd Safar
Tel : (04) 485 5951, 485 5952
Fax : (04) 485 0982
- 12) **Pulau Langkawi**
13 & 15, Jalan Pandak Mayah Satu
07000 Langkawi, Kedah
Mohd Yusof Bin Othman
Branch Manager (04-966 8524)
CSM : Azmi Abd Jalil
Tel : (04) 966 7511, 966 7512
Fax : (04) 966 7513
- 13) **Sungai Bakap**
1433-1434, Jalan Besar
Sungai Bakap, Seberang Prai Selatan
14200 Sungai Jawi, Pulau Pinang
Sim Wee Lee
Branch Manager (04-582 3600)
CSM : Mohd Hasni Bin Ghazali
Tel : (04) 582 3629, 582 3594
Fax : (04) 582 3580
- 14) **Sungai Dua**
4H & 4J, Desa Universiti Comm Complex
Jalan Sungai Dua
11700 Gelugor, Pulau Pinang
Makrai Bin Manichan
Branch Manager (04-658 5604)
CSM : Ariffin Rahmat
Tel : (04) 658 5617, 658 5620
Fax : (04) 658 5609
- 15) **Taman Pekan Baru, Sg Petani**
104, 105 & 106, Jalan Pengkalan
Tmn Pekan Baru, Sg Petani Baru
08000 Sungai Petani, Kedah
Lim Bee San
Branch Manager (04-423 8766)
CSM : Hamzah B Hassan
Tel : (04) 421 8105, 421 0786
Fax : (04) 421 3401

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- 16) **Butterworth**
6774, 6775 & 6776, Jalan Kg Gajah
12200 Butterworth, Pulau Pinang
Tiong Chong Beng
Branch Manager (04-331 5869)
CSM : Mohamad Munir Hj Tajudin
Tel : (04) 331 5871, 331 5872
Fax : (04) 332 3328
- 17) **Chai Leng Park, Prai**
1286 & 1287, Jalan Baru
Chai Leng Park
13700 Prai, Pulau Pinang
Khor Chong Eya
Branch Manager (04-399 7624)
CSM : Mohd Aznam B Mohd Ariffin
Tel : (04) 390 5866, 390 5867
Fax : (04) 390 8689
- 18) **Jalan Bakar Arang, Sungai Petani**
27 & 28, Jalan Bakar Arang
08000 Sungai Petani, Kedah
Soffiah Bt Yakob
Branch Manager (04-425 5776)
CSM : Aliza Binti Azizan
Tel : (04) 422 2151, 422 2152
Fax : (04) 421 6632
- 19) **Kuala Kedah**
Ground & First Floor
262 & 263, Block C, Bangunan Peruda
06600 Kuala Kedah, Kedah
Azihari Bin Adnan
Branch Manager (04-762 5392)
CSM : Lian Su Ching
Tel : (04) 762 5367, 762 5366
Fax : (04) 762 5393
- 20) **Lebuh Pantai, Penang**
44, Lebuh Pantai
Georgetown, 10300 Pulau Pinang
Poh Kean Wah
Branch Manager (04-261 1106)
CSM : Lee Bee Lee
Tel : (04) 262 1144, 262 1109
Fax : (04) 261 8019
- 21) **Mergong, Alor Setar**
97J, Seberang Jalan Putra
05150 Alor Setar, Kedah
Lee Kok keing
Branch Manager (04-733 9278)
CSM : Othman Bin Ismail
Tel : (04) 733 9279, 733 9304
Fax : (04) 731 6059
- 22) **Taman Semarak, Kulim**
43, Lorong Semarak 1
Taman Semarak
09000 Kulim, Kedah
Mohd Ramalan Bin Alwi
Branch Manager (04-491 5915)
CSM : Ng Hoong Onn
Tel : (04) 491 5912, 491 5913
Fax : (04) 491 5916
- JOHOR RCB (CONSUMER)**
Regional Consumer Banking Head :
CHANG CHEE KEONG (07-386 4734)
- 1) **Jalan Bandar, Pasir Gudang**
10A, Pusat Perdagangan
Jalan Bandar
81700 Pasir Gudang, Johor
Mohammad Fadzil Bin Abd Ghafar
Branch Manager (07-251 1579)
CSM : Rahimah Bt Sayuti
Tel : (07) 251 1578, 251 1573
Fax : (07) 251 1584
- 2) **Jalan Dedap, Taman Johor Jaya**
7 & 9, Jalan Dedap 18
Taman Johor Jaya
81100 Johor Bahru, Johor
Ali Bin B Mohamed
Branch Manager (07-354 9455)
CSM : Ahmad Akmal Bin Bahrom
Tel : (07) 355 5226, 355 5327
355 0844
Fax : (07) 355 5004
- 3) **Jalan Perdagangan Damai, Pasir Gudang**
No 29
Jln Perdagangan Damai
Nusa Damai
81700 Pasir Gudang
Johor Darul-Takzim
Maimunah Othman
Branch Manager (07-2524753)
CSM : Idris B Sulaiman.
Tel : (07) 251 2500, 251 3513
252 4784
Fax : (07) 252 5044
- 4) **Jln Bendahara 12, Taman Ungku Tun Aminah**
Ground & First Floor
62, 64 & 66, Jalan Bendahara 12
Taman Ungku Tun Aminah
81300 Sekudai, Johor
Yap Chong Chiew
Branch Manager (07-557 1224)
CSM : Hasnita Abd Wahab
Tel : (07) 557 1477, 557 1097
Fax : (07) 557 1553
- 5) **Johor Bahru City Square**
Lot J1-22 & J2-31
Level 1 & 2, Johor Bahru City Square
106 & 108, Jalan Wong Ah Fook
80000 Johor Bahru, Johor
Asoka Balan s/o Sinnadurai
Branch Manager (07-224 7460)
CSM : Idris Zainal
Tel : (07) 224 5333, 224 2485
Fax : (07) 224 1264
- 6) **Kulai**
4 & 5, Taman Seraya
Kulai Besar
81000 Kulai, Johor
Kuek Eng Eng @ Thomas
Branch Manager (07-663 4105)
CSM : Ahmad Suhaimi Bin Ibrahim
Tel : (07) 663 1911, 663 1912
Fax : (07) 663 2159
- 7) **Permas Jaya, Johor**
Ground Floor
35 & 37, Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru, Johor
Chern Lea Chyun
Branch Manager (07-388 4989)
Tel : (07) 388 6741, 388 6744
CSM : Nora Binti Mohd Tahir
Fax : (07) 388 6749
- 8) **Plentong, Johor**
Lot AT4, Ground Floor
Giant Hypermarket
3, Jalan Masai Lama
Plentong
81750 Johor Bahru, Johor
Mohd Zamri Bin Pardi
Branch Manager (07-358 2714)
CSM : Atil Bin Abdul Aziz
Tel : (07) 352 7684, 358 2715
358 2716
Fax : (07) 352 7689

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- 9) **Pontian Kechil**
192, Jalan Bakek
Pontian Kechil
82000 Pontian, Johor
Zainudin Bin Abu Hasan
Branch Manager (07-687 8123)
CSM : Abu Talib Bin Haron
Tel : (07) 687 8368, 687 8369
Fax : (07) 687 9107
- 10) **Senai**
180 & 181, Jalan Belimbing 1
81400 Senai, Johor
Kamaruzaman B. Atan
Branch Manager (07-598 3060)
Tel : (07) 599 6960, 599 6546
CSM : Wong Fui Kuen
Tel : (07) 599 7154
Fax : (07) 599 6913
- 11) **Simpang Renggam**
8 & 9, Jalan Kijang
86200 Simpang Renggam, Johor
Ismail B. Saleh
Branch Manager (07-755 7366)
CSM : Mohd Esa B Daud
Tel : (07) 755 8531, 755 8532
Fax : (07) 755 8262
- 12) **Taman Molek, Johor**
56 & 58, Jalan Molek 2/2
Taman Molek
81100 Johor Bahru, Johor
Chong Yock Fong
Branch Manager (07-351 4640)
Tel : (07)351 4641, 351 4642
CSM : Sharifah Mohd Abdullah
Tel : (07) 351 4643
Fax : (07) 351 4649
- 13) **Taman Pelangi, Johor**
Suite 1-2, Level 1
Menara Pelangi
2, Jalan Kuning
Taman Pelangi
80400 Johor Bahru, Johor
Mohd Zakariah Bin Abd Rahman (Acting)
Branch Manager (07-334 3484)
CSM : Zailani Bin Sulaiman
Tel : (07) 334 3476, 334 3481
Fax : (07) 334 3482
- 14) **Taman Sekudai Baru, Johor**
2, 4 & 6, Jalan Ronggeng Satu
Taman Sekudai Baru
81300 Sekudai, Johor
Goh Ling Huat
Branch Manager (07-556 6068)
CSM : Aishah Bt Omar
Tel : (07) 556 6066, 556 6067
Fax : (07) 558 1677
- 15) **Taman Sentosa, Johor**
9 & 11, Jalan Sutera
Taman Sentosa
80150 Johor Bahru, Johor
T. Ravindran
Branch Manager (07-332 2248)
CSM: Sharifah Azuan Bt Syed Abdullah
Tel : (07) 332 2243, 332 2244
332 2246
Fax : (07) 334 9441
- 16) **Tampoi**
3, 3-01, 5, 5-01, Jalan Pembangunan
Desa Rahmat, Tampoi
81200 Johor Bahru, Johor
Feizal Bin Sheikh Ahmad
Branch Manager (07-234 0685)
CSM : Shahab Bin Md Abdul Rahim
Tel : (07) 234 0678, 234 0729
Fax : (07) 234 0680
- 17) **Ulu Tiram**
1 & 2, Jalan Raya
81800 Ulu Tiram, Johor
Kan Yew Kee
Branch Manager (07-861 3001)
CSM : Mapijan Bin Safari
Tel : (07) 861 3002, 861 7609
Fax : (07) 861 4088
- MELAKA RCB (CONSUMER)**
Regional Consumer Banking Head :
Amir Bin Abd Aziz (06-286 1217)
- 1) **9, Jalan Abdullah, Muar**
9, Jalan Abdullah
84000 Muar, Johor
Wan Noriani Bt Wan Hasan
Branch Manager (06-952 5120)
CSM : Hanizah Bt Abdul Ghani
Tel : (06) 952 2234, 951 9080
Fax : (06) 952 9503
- 2) **Batu Pahat**
89, Jalan Rahmat
83000 Batu Pahat, Johor
Ahmad Nazri Bin Mohd Sani
Branch Manager (07-431 4353)
CSM : Norlila Bt Mohaidin
Tel : (07) 431 7011, 431 7022
Fax : (07) 431 1077
- 3) **Bekok**
G34 & G36, Jalan Wijaya
86500 Bekok, Johor
Mohamad Nizam Bin Abdul Hamid
Branch Manager (07-922 1361)
CSM : Wong Koi Moi
Tel : (07) 922 1639, 922 1643
Fax : (07) 922 1525
- 4) **Bukit Baru, Melaka**
Ground Floor, 5 & 6, Jalan DR 1
Taman Delima Raya
Bukit Baru, 75150 Melaka
Roslim Md Ros
Branch Manager (06-232 1321)
CSM : Lim Yeow Ho.
Tel : (06) 232 1302, 232 1298
Fax : (06) 232 1319
- 5) **Jalan Dato' Rauf, Kluang**
18 & 20, Jalan Dato' Rauf
86000 Kluang, Johor
Chew Hock Shann
Branch Manager (07-773 6205)
CSM : Azmi Bin Hj Mohammed
Tel : (07) 772 4111, 772 4112
Fax : (07) 772 4094
- 6) **Jalan Hang Tuah, Melaka**
477, Plaza Melaka
Jalan Hang Tuah
75300 Melaka
Chiang Chiong Guan
Branch Manager (06-284 0472)
CSM : Zainal Abidin Bin Abdul Aziz
Tel : (06) 284 0473, 284 0476
Fax : (06) 284 4699
- :- including*
Tesco Melaka (Sales Kiosk)
Lot 7, Tingkat Bawah
No. 1, Jalan Tun Razak
75400 Peringgit Melaka
OIC : Ismail Hj Dali
Tel : (06) 283 5533
Fax : (06) 283 9555

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- 7) **Jalan Munshi Abdullah, Melaka**
179 & 181, Jalan Munshi Abdullah
75100 Melaka
Lily Tay
Branch Manager (06-284 3102)
CSM : Tan Sian Chin
Tel : (06) 283 6448, 283 1962
Fax : (06) 283 6717
- 8) **Jementah**
Ground Floor, MCA Building
Jalan Muar
85200 Jementah, Johor
Kamarulzaman B Musally
Branch Manager (07-947 1577)
CSM : Liew Yan Kuin
Tel : (07) 947 1578, 947 1353
Fax : (07) 947 2404
- 9) **Kota Melaka**
No. 57&59, Prime Square
Taman Melaka Raya
75000 Melaka
Mohd Razali Bin Alizah
Branch Manager (06-282 5020)
CSM : Mohamad Bin Maizan
Tel : (06) 282 5030, 282 5029
Fax : (06) 282 5076
- 10) **Segamat**
110 & 111, Jalan Genuang
85000 Segamat, Johor
Ramlan Bin Yaakop
Branch Manager (07-931 5441)
CSM : Zakaria Bin Ahmad
Tel : (07) 931 1366, 931 1367
Fax : (07) 932 3901
- 11) **Taman Intan, Kluang**
32 & 33, Jalan Intan 2/1
Taman Intan
86000 Kluang, Johor
Chua Kuang Chea
Branch Manager (07-772 7215)
CSM : Teng Moi Ching
Tel : (07) 772 7211, 772 7210
Fax : (07) 772 7216
- 12) **Tangkak**
351 & 352, Jalan Muar
84900 Tangkak, Johor
Foo Tze Yin
Branch Manager (06-978 6762)
CSM : Sharifah Attashah Syed Ali (Acting)
Tel : (06) 978 6588, 978 6591
Fax : (06) 978 6592
- 13) **Yong Peng**
106, Jalan Besar
83700 Yong Peng, Johor
Khoo Eng Hock
Branch Manager (07-467 4761)
CSM : Lokhman Noor Hakim Bin Abu
Tel : (07) 467 1006, 467 1146
Fax : (07) 467 5137
- PERAK RCB (CONSUMER)**
Regional Consumer Banking Head :
Che The Siong (05-2426637)
- 1) **Air Tawar**
33A & B, Jalan Besar
32400 Air Tawar, Perak
Tiang Kong Song
Branch Manager (05-672 4076)
CSM : Tan Gee Hock
Tel : (05) 672 2385, 672 4148
Fax : (05) 672 2168
- 2) **Bagan Serai**
243, Jalan Besar
34300 Bagan Serai, Perak
Yap Tee Keong
Branch Manager (05-721 1582)
CSM : Chen Chew Peng
Tel : (05) 721 5715, 721 5716
Fax : (05) 721 2486
- 3) **Gopeng**
Ground Floor
67 & 69, High Street
31600 Gopeng, Perak
Loong Kam Kam
Branch Manager (05-359 4525)
CSM : Omar Bin Ismail
Tel : (05) 359 1169, 359 4524
Fax : (05) 359 3291
- 4) **Gunung Rapat**
57 & 59, Medan Gopeng 1
Jalan Gopeng, Gunung Rapat
31350 Ipoh, Perak
Nor Afidah Ahmad Marzuki
Branch Manager (05-312 4589)
CSM : Mazlan Bin Ali
Tel : (05) 312 3599, 312 3851
Fax : (05) 312 6570
- 5) **Jalan Tun Sambanthan, Ipoh**
Lot 2, 4, 6 & 8, Jalan Tun Sambanthan
30000 Ipoh, Perak
Esmond Wong Peng Wan
Branch Manager (05-241 0513)
CSM : Chew Siu Leong
Tel : (05) 254 2135, 254 2136
Fax : (05) 255 0050
- 6) **Ipoh Garden South**
12 & 14 Tingkat, Taman Ipoh 6
Ipoh Garden South
31400 Ipoh, Perak
Abdullah Sharwani Bin Ismail
Branch Manager (05-547 3286)
CSM : Phang Meng Yan
Tel : (05) 548 2532, 547 7888
Fax : (05) 547 8899
- 7) **Jelapang**
433 & 435, Jalan Silibin
Taman Silibin, P. O Box No. 585
30760 Ipoh, Perak
Hooi Sum Fatt
Branch Manager (05-526 1520)
CSM : Asmawi Bin Othman
Tel : (05) 526 6515, 526 8518
Fax : (05) 526 2418
- 8) **Kampar**
81, 83 & 85, Jalan Gopeng
31900 Kampar, Perak
Chua Ton Tin
Branch Manager (05-465 1585)
CSM : Omarudin B Harun
Tel : (05) 466 6202, 466 6203
Tel : (05) 465 1592, 465 1599
Fax : (05) 465 2216
- 9) **Kuala Kangsar**
6 & 7, Jalan Daeng Selili
33000 Kuala Kangsar, Perak
Rodziah Bt Hj Abdul Rahman
Branch Manager (05-777 7970)
CSM : Chin Choon Min
Tel : (05) 776 3772, 776 1762
Fax : (05) 776 6836

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- 10) **Kuala Kurau**
Ground & First Floor
19, Jalan Besar
34350 Kuala Kurau, Perak
Twoon Kok Kay
Branch Manager (05-727 7952)
CSM : Hartati Binti Kasim
Tel : (05) 727 7953, 727 0939
Fax : (05) 727 7155
- 11) **Menglembu**
Ground & First Floor
50 & 52, Jalan Besar
31450 Menglembu, Perak
Choo Kum Kuen
Branch Manager (05-281 6012)
CSM : Muhammad Sharifuddin B Mior Yusof
Tel : (05) 281 6011, 281 6017
Fax : (05) 281 6010
- 12) **Parit Buntar**
44, Jalan Teh Peh Kong
34200 Parit Buntar, Perak
Zulkifli Haron
Branch Manager (05-716 6320)
CSM : Khor Kai Ming
Tel : (05) 716 1626, 716 1627
Fax : (05) 716 2019
- 13) **Persiaran Greenhill, Ipoh**
62, Persiaran Greenhill
30450 Ipoh, Perak
Chan Lai Kwin
Branch Manager (05-253 2404)
CSM : Nasaruddin Bin Saadan
Tel : (05) 253 3355, 255 4195
Fax : (05) 253 5053
- 14) **Simpang, Perak**
11 & 12, Lorong Medan
Taman Simpang
34700 Simpang, Perak
Mohd Anuar Bin Ariffin
Branch Manager (05-847 2264)
CSM : Ahmad Rusmizi B Mahmood
Tel : (05) 847 5569, 847 2042
Fax : (05) 847 3317
- 15) **Simpang Empat, Hutan Melintang**
Lots P.T 1374 & 1375, Jalan Hutan Melintang
Taman Seri Perak, Simpang Empat
36400 Hutan Melintang, Perak
Tay Kim Hock
Branch Manager (05-641 2364)
CSM : Lee Ah Tin
Tel : (05) 641 2363, 641 2362
Fax : (05) 641 3310
- 16) **Sitiawan**
25C, Jalan Datuk Ahmad Yunus
32000 Sitiawan, Perak
Mohd Hamka B. Abdol Aziz.
Branch Manager (05-691 3813)
CSM : Ngoi Ling Seng
Tel : (05) 691 1411, 691 4669
Fax : (05) 691 9012
- 17) **Sungai Siput**
139 & 140, Jalan Besar
31100 Sungai Siput, Perak
Lau Yoke Wing
Branch Manager (05-598 8923)
CSM : Muhammad Edrus Mohd Yusof
Tel : (05) 598 2233, 598 2234
598 8922
Fax : (05) 598 4094
- 18) **Sungkai**
18 & 19, Jalan Besar
35600 Sungkai, Perak
Mohd Hazanol Bin Hashim
Branch Manager (05-438 7912)
CSM : Ahmad Tahir Bin Hashim
Tel : (05) 438 6708, 438 6710
Fax : (05) 438 6720
- 19) **Taiping**
68 & 70, Jalan Kota
34000 Taiping, Perak
Lim Kean Chee
Branch Manager (05-807 4749)
CSM: Norazah Bt Shahrudin
Tel : (05) 807 3276, 807 3257
808 3350
Fax : (05) 806 3275
- 20) **Tasek**
699 & 701, Jalan Tasek
Taman Musim Bunga
31400 Ipoh, Perak
Mohd Hisam Bin Mohamed Yusof
Branch Manager (05-546 4010)
CSM : Khoo Gek Lan
Tel : (05) 546 7363, 546 7386
546 7370
Fax : (05) 548 7566
- 21) **Teluk Intan**
31 & 33, Jalan Intan 2
Bandar Baru Teluk Intan
36000 Teluk Intan, Perak
Hasnan B. Mohamed
Branch Manager (05-622 8233)
CSM : Jalaluddin B. Tajuddin.
Tel : (05) 622 1654, 622 1655
Fax : (05) 621 1228
- EAST COAST RCB (CONSUMER)**
Regional Consumer Banking Head :
Ghazali Mat Noh (DL 09-5162772)
- 1) **Bentong**
Lot 13 & 14, Jalan Loke Yew
28700 Bentong, Pahang
Ti Boon Ley
Branch Manager (09-222 7507)
CSM : Phang Kin Kean
Tel : (09) 222 1648, 222 1649
Fax : (09) 222 5944
- 2) **Jerantut**
Lot 4360 & 4361, Jalan Kuantan
27000 Jerantut, Pahang
Mazlan Mohd Yusoff
Branch Manager (09-266 3189)
CSM : Rozanah Ghazali
Tel : (09) 266 5900, 266 5901
Fax : (09) 266 5899
- 3) **Kemaman**
K-156C, Jalan Sulaimani
24000 Chukai, Terengganu
Mohamed Sabadri Mohamed Ali
Branch Manager (09-859 6798)
CSM : Marzuky Bin Mohd Ghazali
Tel : (09) 859 2825, 859 2824
Fax : (09) 859 3771

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as at 31 March 2006 (continued)

- 4) **Kerteh**
10B, Bandar Baru Kerteh
24300 Kerteh, Terengganu
Mohd Shamsuddin B Urmin
Branch Manager (09-826 1646)
CSM : Hasmah Muda
Tel : (09) 826 1644, 826 1645
Fax : (09) 826 2171
- 5) **Ketereh**
Lot PT 383 & PT 384
Kedai Ketereh, Bandar Ketereh
16450 Ketereh, Kelantan
Ros Naliza Bt Mohamed
Branch Manager (09-788 5725)
CSM : Mohd Ezanee Md Zain
Tel : (09) 788 6377, 788 6376
Fax : (09) 788 8721
- 6) **Jalan Tok Hakim, Kota Bahru**
782 - 786, Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Aminuddin Mohamad Napiah
Branch Manager (09-744 4961)
CSM : Hasimah Husain
Tel : (09) 748 1792, 748 1793
Fax : (09) 744 9306
- including :-*
**Jln Kebun Sultan, Kota Bahru
(Service Centre)**
Lot 1182 - 1183, Jalan Kebun Sultan
15350 Kota Bharu, Kelantan
Wan Husniah bt Wan Abdullah
OIC (09-744 1744)
Tel : (09) 744 1776, 744 1654
Fax : (09) 748 1788
- 7) **Kuala Dungun**
K231, Jalan Besar, Kuala Dungun
23000 Dungun, Terengganu
Mohd Ludin B. Puteh
Branch Manager (09-845 6722)
CSM : Ang Lee Meng
Tel : (09) 848 1416, 845 1575
Fax : (09) 848 2996
- 8) **Kuala Terengganu**
59, Jalan Sultan Ismail
20200 Kuala Terengganu, Terengganu
Shaharuddin Bin Ming
Branch Manager (09-623 3478)
CSM : Jamilah Bte Shaikh Mahmood
Tel : (09) 622 1478, 622 6478
Fax : (09) 622 9379
- 9) **Jalan Telok Sisek, Kuantan**
45, Jalan Telok Sisek
25000 Kuantan, Pahang
Ng Aik Hee
Branch Manager (09-5161219)
CSM : Nor Hazimah Binti Yaacob
Tel : (09) 5177466, 5164475, 5164517
5163763
Fax : (09) 513 9554
- 10) **Jalan Tun Ismail, Kuantan**
23, Jalan Tun Ismail
25000 Kuantan, Pahang
Whan Ping Kok
Branch Manager (09- 513 3542)
CSM : Vacant
Tel : (09) 514 2703, 514 3090
Fax : (09) 513 5022
- 11) **Mentakab**
Lot 94 & 95, Jalan Temerloh
28400 Mentakab, Pahang
Azmi Bin Abd Rahman
Branch Manager (09-278 1971)
CSM : Mohd Isham Ibrahim
Tel : (09) 278 1976, 278 1989
Fax : (09) 278 2034
- 12) **Pasir Mas**
18A, Jalan Tengku Ahmad
17000 Pasir Mas, Kelantan
Alawi Bin Hamzah
Branch Manager (09-790 8066)
CSM : Vacant
Tel : (09) 790 9088,
Fax : (09) 790 2292
- 13) **Raub**
Lot PT 16477 & 16478
Pusat Perniagaan Indrapura, Jln Tras
27600 Raub, Pahang
Zahid Hussin
Branch Manager (09-355 3554)
CSM : Ng Boon Thai
Tel : (09) 355 5077, 355 5515
Fax : (09) 355 2929
- 14) **Wakaf Tembusu**
Bangunan UMNO Wakaf Tembusu
Batu 8, Jalan Kelantan
21200 Kuala Terengganu, Terengganu
Wan Maznah Wan Yusof
Branch Manager (09-666 3411)
CSM : Cheng Kit Mei
Tel : (09) 666 4155
Fax : (09) 666 2310
- SARAWAK RCB (CONSUMER)**
Regional Consumer Banking Head :
Jee Tzin Kit (082-428976)
- 1) **31, Jln Tunku Osman, Sibul**
No 31, Jln Tuanku Osman
P O Box 26
96007 Sibul, Sarawak
Paul Lee Kuok Hun
Branch Manager (084-317929)
CSM : Sii Toh Kiong
Tel : (084) 314455
Fax: (084) 310546
- 2) **Boulevard Centre, Miri**
Ground Floor
Lot 2469 & 2470
Boulevard Commercial Centre
Jalan Boulevard Utama
98000 Miri, Sarawak
Susan Tham Sow Kuen
Branch Manager
CSM : Unyang Wan
Tel : (085) 429880
Fax : (085) 429881
- 3) **Dalat, Sarawak**
Ground Floor
Pejabat Daerah Dalat
96300 Dalat, Sarawak
David Stanislaus Selon
Branch Manager (084-864828)
CSM : Awangku Osman
Awang Arsad
Tel : (084) 864841, 864842
Fax : (084) 864824
- 4) **Jalan Kulas, Kuching**
Ground Floor Lot 363
Section Jalan Kulas
P O Box 2049
93740 Kuching, Sarawak
Roslina Bolhassan
Branch Manager (082-427255)
CSM : Ronny Jim Philip
Tel : (082) 419050
Fax : (082) 426160

group branch network

as at 31 March 2006 (continued)

- 5) **Jalan Masjid, Bintulu**
Ground Floor & 1st Floor
258 Taman Sri Dagang
Jalan Masjid
97000 Bintulu, Sarawak
Nio Huat Lam @ Neo Hood Lam
Branch Manager (086-335178)
CSM : Ting Sing Ang
Tel : (086) 331133
Fax : (086) 331692
- 6) **Jalan Nakhoda Gampar, Miri**
Lot 362, Block 9
Jln Nakhoda Gampar
P O Box 1142
98008 Miri, Sarawak
Mohd Maley Abdul Hamid
Branch Manager (085-418822)
CSM : Muhammad Azhar Bin Sheikh Rahim
Tel : (085) 411 882
Fax : (085) 415 682
- 7) **Jalan Padungan, Kuching**
256, Jalan Padungan
93100 Kuching, Sarawak
Yiin Suk Kiong, Cecillia
Branch Manager (082-251 024)
Tel : (082) 428 062, 429 062
CSM : Pai Sherry
Fax : (082) 415 453
- 8) **Kanowit, Sarawak**
Lots 127 & 128
No 65-66 Jalan Kubu
Kanowit Town District
96700 Kanowit, Sarawak
Hawing Ding
Branch Manager (084-752 699)
CSM : Mande Selangau
Tel : (084) 752 700
Fax: (084) 752 711
- 9) **Kota Samarahan**
Lots 6969-6970, Block 59
Muara Tuang Land District
94300 Kota Samarahan, Sarawak
Ahmad Juanda Kana
Branch Manager (082-671 531)
CSM : Sa-or Anak Sariyu
Tel : (082) 671 526
Fax : (082) 671 525
- 10) **Lanang, Sarawak**
Sublot 2 & 3
Dungun Lane, Lanag Road
96000 Sibu, Sarawak
Wong King Ping
Branch Manager (084-349289)
CSM : Fadalan Bin Daud.
Tel : (084) 349 554, 349 547, 349 585
Fax : (084) 349 345
- 11) **Lawas, Sarawak**
Lot No 355
Jalan Punang
98850 Lawas
Wee Eng Ghee Jonathan
Branch Manager (082-251 024)
CSM : Roseline Raja @ Catherine Raja
Tel : (085) 285 657, 285 659
Fax : (085) 285 529
- 12) **Lundu, Sarawak**
Lot 249-250
Jalan Blacksmith
Pekan Lundu
94500 Lundu, Sarawak
Behil @ Bian Turat
Branch Manager (082-735 122)
CSM : Delly Anak Ilus
Tel : (082) 735 611
Fax : (082) 735 220
- 13) **Medan Raya, Kuching**
Lot 4, Tingkat Bawah
Bangunan MASJA
Medan Raya, Petrajaya
93050 Kuching, Sarawak
Branch Manager:
Hamidah Haji Ibrahim
CSM : Rozaidah Bt Ma'an
Tel : (082) 442 741, 449 135, 445 611
Fax : (082) 443 926
- 14) **Sarikei, Sarawak**
Lot 1468
Repok Road
P O Box 738
96108 Sarikei, Sarawak
Loi Teck Sing
Branch Manager (084-657 033)
CSM : Zakiah Binti Jiman
Tel : (084) 657 030
Fax : (084) 657 036
- 15) **Siburan, Sarawak**
No 2, Siburan Bazaar
17th Mile, Kuching Serian Road
94200 Siburan, Sarawak
Yong Chiong Lung
Branch Manager (082-862886)
CSM : Bawa @ Bana Anak Umung
Tel : (082) 862 808
Fax : (082) 862 880
- 16) **Simpang Tiga, Kuching**
No 11, Jln Simpang Tiga
P O Box 3000
93758 Kuching, Sarawak
Mustapha Doll
Branch Manager (082-416 807)
CSM : Norhayati Binti Hussaini
Fax : (082) 420 975
- 17) **Tabuan Jaya, Sarawak**
891-892
Lorong Bayor Bukit 2A
Tabuan Jaya, Shopping Centre
Jalan Wan Alwi
93350 Kuching, Sarawak
Valerie Lee Kui Hua
Branch Manager (082-366 822)
CSM : Lucy Andar Anak Minjap
Tel : (082) 366 823, 366 828
Fax : (082) 366 826
- 18) **UNIMAS, Kota Samarahan**
Amenities Centre (Left Wing)
Unimas Campus
94300 Kota Samarahan
Sarawak
Wong Kee Toh, Vincent
Branch Manager (082-673 166)
CSM : Viven Lema
Tel : (082) 672 662
Fax : (082) 672 611
- 19) **Wisma Mahmud, Kuching**
Level 1
Wisma Mahmud
Jalan Sungei Sarawak
93100 Kuching, Sarawak
Francis Ang Meu Hock
Branch Manager (082-342 699)
CSM : Jolly Yoh Seng Lee
Tel : (082) 345 345, 345 610
Fax : (082) 338 358

group branch network

as at 31 March 2006 (continued)

20) **Batu Kawah , Kuching**
Bd 104/204 & 105/205 ,
Batu Kawah New Township
Jalan Batu Kawa, 93250 Kuching
Sarawak
David Ho Pau Enn
Branch Manager
Tel : (082) 455 650/082-450 487
CSM : Roslina Binti Mustapha
Fax : (082) 459 790

21) **Limbang, Sarawak**
Lot 1563 Jalan Buangsiol,
98700 Limbang, Sarawak
Joseph Richard Pahang
Branch Manager
**CSM : Angak @ Abdul Khalid B
Suaidi**
Tel : (085) 212 398, 085-212 399
Fax : (085) 211 022

22) **Sri Aman, Sarawak**
Lot 839, Jalan Sabu, 95000
Sri Aman, Sarawak
Michael Ling Hang Liing
Branch Manager
CSM : Jenny Chew
Tel : (083) 320 979, 083-320 980
Fax : (083) 320 975

24) **Marudi, Sarawak**
Lot 29, Jalan Kapitan Lim Ching Kiat,
Marudi,
98050, Baram, Sarawak
Lim Ley Hua
Branch Manager
CSM : Mohamad Jasni
Tel : (085) 756 721, 085-756 722
Fax : (085) 756 724

23) **Kapit, Sarawak**
Lot 504 Jalan Temenggong Jugah,
96800, Kapit, Sarawak.
Stephen Ting Tong Hai
Branch Manager
**CSM : George Stanley Ak Clement
Ingun**
Tel : (084) 797 771
Fax : (084) 797 775

SABAH RCB (CONSUMER)
Regional Consumer Banking Head :
Bernadette Sun Fui Ling (088-217 733)

1) **Bandar Pasaraya, Sandakan**
Lot 59 Ground Floor
Bandar Pasaraya, Mile 4
90000 Sandakan, Sabah
Ivy Primus
Branch Manager (089-224 402)
CSM : Philip Loh
Tel : (089) 208 101, 208 102, 208 104
208 100
Fax : (089) 228 101

2) **Inanam, Sabah**
Ground & First Floor
Lot 20 & 22, Block E
Inanam New Township, Phase II
89350 Inanam, Sabah
Voo Sui Siong
Branch Manager (088-426 680)
CSM : Khoo Yat Kian
Tel : (088) 422 883, 422 820
Fax : (088) 423 011

3) **Jalan Gaya, Kota Kinabalu**
81 / 83, Jalan Gaya
88000 Kota Kinabalu, Sabah
Lo Mei Hwa
Branch Manager (088-239 288)
CSM : Patricia Chee Fui Nyuk
Tel : (088) 216 188, 213 982
Fax : (088) 235 871

4) **Jalan Tun Mustapha, Labuan**
Lot 1 & 2, Jati Shop Houses
Off Jalan Tun Mustapha
87007 Labuan
Wilayah Persekutuan Labuan
Mustapa Bin Mat Diah
Branch manager (087-414 364)
CSM : Virginia James Lojuti
Tel : (087) 414 822, 414 810
Fax : (087) 414 449

5) **Lahad Datu, Sabah**
Lot 1 & 2, Block A
Metro Commercial Complex
91100 Lahad Datu, Sabah
Chung Kwong Onn
Branch Manager (089-886 162)
CSM : Lim Yong Peng
Tel : (089) 886 159, 886 418
Fax : (089) 886 163

6) **Tawau, Sabah**
Ground & First Floor
Lot 5 Block 27
Fajar Complex, Jalan Mahkamah
Town Extension II
91000 Tawau, Sabah
Yapp Jin Fui
Branch Manager (089-763 911)
CSM : Lo Su Fun
Tel : (089) 777 355, 777 233
Fax : (089) 764 684, 765 254

7) **Wisma Khoo, Sandakan**
Sub Lot 1 - 7, Ground Floor
Wisma Khoo Siak Chiew
Lebuh Tiga, Jalan Sim Sim
Mail Bag No 4
90009 Sandakan, Sabah
Yapp Choon Tieng
Branch Manager (089-213 191)
CSM : Chua Fui Ching
Tel : (089) 218 777, 216 991
Fax : (089) 271 246

RHB BUREAU DE CHANGE

1) **KL International Airport (Departure)**
Lot 13a Departure Level Main Terminal
Building Kuala Lumpur
International Airport
64000, Selangor
Tel: (03) 8787 3257
Fax: (03) 8787 3255

Open 24 hours daily.

2) **KL International Airport (Arrival)**
Lot No. ARR 5A, Arrival Level Main
Terminal Building Kuala Lumpur
International Airport
64000, Selangor
Tel: (03) 8787 1562
Fax: (03) 8787 3255

Open 24 hours daily.

group branch network

as at 31 March 2006 (continued)

- 3) **KL Sentral**
Unit 7, Level 1 (Arrival Hall) City Air
Terminal KL Sentral Station
50470, W.P.Kuala Lumpur
Tel: (03) 2273 5000
Fax: (03) 2274 7000

Monday to Friday 10.00 AM to 6.00 PM
Saturday 10.00 AM to 6.00 PM
Sunday 10.00 AM to 6.00 PM

- 4) **Penang International Airport**
Lot CM 18 Penang International Airport
11900, Bayan Lepas
Pulau Pinang
Tel: (04) 643 4769
Fax: (04) 643 5093

Monday to Friday 6.30 AM to 11.30 PM
Saturday 6.30 AM to 11.30 PM
Sunday 6.30 AM to 11.30 PM

- 5) **Kuching International Airport**
Arrival Hall Peti Surat 1070
93722, Kuching
Sarawak
Tel: (082) 463 768
Fax: (082) 464 355

Monday to Friday 8.30 AM to 7.30 PM
Saturday 8.30 AM to 7.30 PM
Sunday 8.30 AM to 7.30 PM

- 6) **Kota Raya Complex**
Lot G17, Ground Floor
Kota Raya Complex
Jalan Cheng Lock
50000, W.P.Kuala Lumpur
Tel: (03) 2072 0881
Fax: (03) 2034 1910

Monday to Friday 10.30 AM to 7.00 AM
Saturday 10.00 AM to 7.00 AM
Sunday 10.00 AM to 7.00 AM

RHB ISLAMIC BANK BERHAD

1. **Cawangan Utama**
Level One, Tower Three,
RHB Centre, 50400 Kuala Lumpur
Kamarunzaman Haji Yasak
Branch Manager
Tel: (03) 9280 6078
Fax: (03) 9283 8349

RHB OVERSEAS BRANCHES NEGARA BRUNEI DARUSSALAM

1. **Bandar Seri Begawan**
Unit G.02, Ground Floor, Block D
Kompleks Yayasan Sultan
Haji Hassanah Bolkiah
Jalan Pretty
Bandar Seri Begawan BS 8711
Negara Brunei Darussalam
Apandi Haji Komplot
Branch Manager (673-223 1329)
Tel: (673) 223 1325/222 2515/16
Fax: (673) 223 7487

SINGAPORE

- Lim Hun Joo**
Country Head
Executive Office
90 Cecil Street #05-00
Singapore 069531
Tel: (02) 6220 2736
Fax: (02) 6221 6646

SINGAPORE OPERATIONS

1. **Cecil Street**
90 Cecil Street #01-00
Singapore 069531
Eunice Kee
Branch Manager (02-6222 1059)
Tel: (02) 6225 3111, (02) 6320 0603
Fax: (02) 6225 5296
2. **Bukit Timah**
440 / 442, Upper Bt Timah Road
The Rail Mall
Singapore 678064
Ko Seow Pin
Branch Manager (02-6765 1678)
Tel: (02) 6769 1766
Fax: (02) 6762 4032

3. **Geylang**
537 Geylang Road
Singapore 389492
William Koh
Branch Manager (02-6747 8969)
Tel: (02) 6747 8966
Fax: (02) 6747 1015

4. **Katong**
14 – 18 East Coast Rd
Singapore 428741
Kenneth Lim
Branch Manager (02-6344 5353)
Tel: (02) 6344 8044
Fax: (02) 6345 7131

5. **Bukit Merah**
Blk 131, Jalan Bukit Merah
#01-1577 / 1579
Singapore 160131
Maureen Tan
Branch Manager (02-6273 9168)
Tel: (02) 6278 5388
Fax: (02) 6273 7765

6. **Upper Serangoon**
1 Yio Chu Kang Road
Singapore 545506
Ng Chuan An
Branch Manager (02-6282 6778)
Tel: (02) 6288 8053
Fax: (02) 6285 4685

7. **Jalan Besar**
10, Jalan Besar #01-03
Sim Lim Tower
Singapore 208787
Wong Bay Kwong
Branch Manager (02-6296 5842)
Tel: (02) 6296 6233
Fax: (02) 6296 5846

THAILAND

1. **Country Head,
Bangkok**
Level 10, Liberty Square
287, Silon Road, Bangrak
Bangkok 10500
Thailand
Tai Chong Yin
Tel: (66) 02-6312000
Fax: (66) 02-6312018

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Grand Prince Ballroom, Level 3, Prince Hotel & Residence, Jalan Conlay, 50450 Kuala Lumpur on Thursday, 8 June 2006 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2005 and the Directors' and Auditors' Reports thereon.
2. To re-elect Encik Vaseehar Hassan Abdul Razack, who is retiring pursuant to Article 80 of the Company's Articles of Association and who, being eligible, offers himself for re-election.
3. To re-elect the following Directors retiring under Article 84 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-
 - (i) YBhg Datuk Azlan Zainol; and
 - (ii) Mr Lew Foon Keong
4. To approve the payment of Directors' fees totalling RM128,350.68 for the financial year ended 31 December 2005.
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

AS SPECIAL BUSINESS:-

6. To consider and, if thought fit, to pass the following Ordinary Resolution:-

Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time, at such price, upon such terms and conditions and for such purpose or purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution for the following period of twelve (12) months after the date of this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 7

7. To transact any other business of which due notice shall have been given.

By Order of the Board

Azman Shah Md Yaman
(LS 0006901)
Company Secretary

Kuala Lumpur
16 May 2006

notice of annual general meeting (continued)

NOTES:

(1) Appointment of Proxy

A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised on its behalf.

The instrument appointing a proxy and the power of attorney or other authority if any, under which it is signed or a notarially certified thereof shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

(2) Statement accompanying Notice of Annual General Meeting

Additional information as required under Appendix 8A pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad is set out in Attachment A.

Explanatory Note On Special Business

(3) Resolution pursuant to Section 132D of the Companies Act, 1965

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden its operating base and earning potential. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

statement accompanying notice of annual general meeting – Attachment A

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION:-

Article 80

Encik Vaseehar Hassan Abdul Razack

Article 84

YBhg Datuk Azlan Zainol

Mr Lew Foon Keong

The details of the above Directors who are standing for re-election are set out from page 9 to page 11 of this Annual Report. Their holdings in the securities of the Company and its related corporations are set out from page 159 to page 160 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:-

Sixteen (16) Board Meetings were held during the financial year ended 31 December 2005, the details of attendance are set out on page 35 of this Annual Report.

3. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING:-

Date	Time	Place
Thursday, 8 June 2006	10.00 a.m.	Grand Prince Ballroom Level 3 Prince Hotel & Residence Jalan Conlay 50450 Kuala Lumpur

Proxy form

No. of Ordinary Shares Held



RHB CAPITAL BERHAD

(Company No. 312952-H)

(Incorporated in Malaysia under the Companies Act, 1965)

I/We _____ NRIC/Passport/Company No. _____
(Name in block letters)

of _____
(Full address)

being a member of RHB CAPITAL BERHAD hereby appoint _____
(Name in block letters)

NRIC/Passport No. _____ of _____

(Full address)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Grand Prince Ballroom, Level 3, Prince Hotel & Residence, Jalan Conlay, 50450 Kuala Lumpur, on Thursday, 8 June 2006 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

	Resolutions	For	Against
Ordinary Resolution 1	To receive the Audited Financial Statements and Reports		
Ordinary Resolution 2	Re-election of Encik Vaseehar Hassan Abdul Razack as Director		
Ordinary Resolution 3	Re-election of YBhg Datuk Azlan Zainol as Director		
Ordinary Resolution 4	Re-election of Mr Lew Foon Keong as Director		
Ordinary Resolution 5	Approval of the payment of the Directors' fees of RM128,350.68 for the financial year ended 31 December 2005		
Ordinary Resolution 6	Re-appointment of Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authorisation for Directors to issue shares not exceeding 10% of the issued share capital		

(Please indicate with an "X" in the spaces provided above as to how you wish to cast your vote. If no specific directions as to voting is given, the proxy shall vote or abstain from voting at his/her full discretion)

Dated _____, 2006

Signature

(If shareholder is a corporation,
this part should be executed under seal)

Note

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised on its behalf.
2. The instrument appointing a proxy and the power of attorney or other authority if any, under which it is signed or a notarially certified thereof shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
3. Registration counter will open from 8.30 a.m. to 10.00 a.m. on the meeting day to facilitate shareholders/proxy registration.

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The Share Registrar of **RHB CAPITAL BERHAD**
SYMPHONY SHARE REGISTRARS SDN BHD
LEVEL 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
MALAYSIA

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