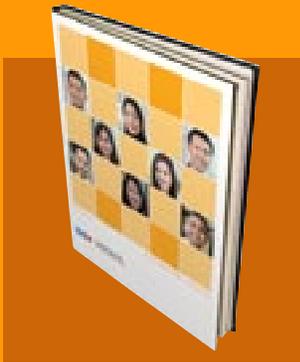


rhbbank.com.my

delivering results



RHB BANK 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.

Our Mission

To become the most admired, innovative and profitable financial services company in Malaysia with distribution capabilities in neighbouring Asian countries.

Our Core Values

- CUSTOMER FOCUS
- QUALITY SERVICE
- TEAMWORK
- RESPECT
- INNOVATION

contents

corporate section

- Financial Highlights **4**
- Corporate Information **6**
- Board of Directors **8**
- Profile of the Board of Directors **10**
- RHB Group Corporate Structure **15**
- Chairman's Report 2005 **16**
- Operations Review **22**
- RHB Group Achievements and Awards **31**
- Corporate Highlights **32**
- Corporate Governance Statement **35**
- Terms of Reference of Board Committees **39**
- Internal Control Statement **44**
- Audit Committee Report **46**
- Responsibility Statement **49**

financial section

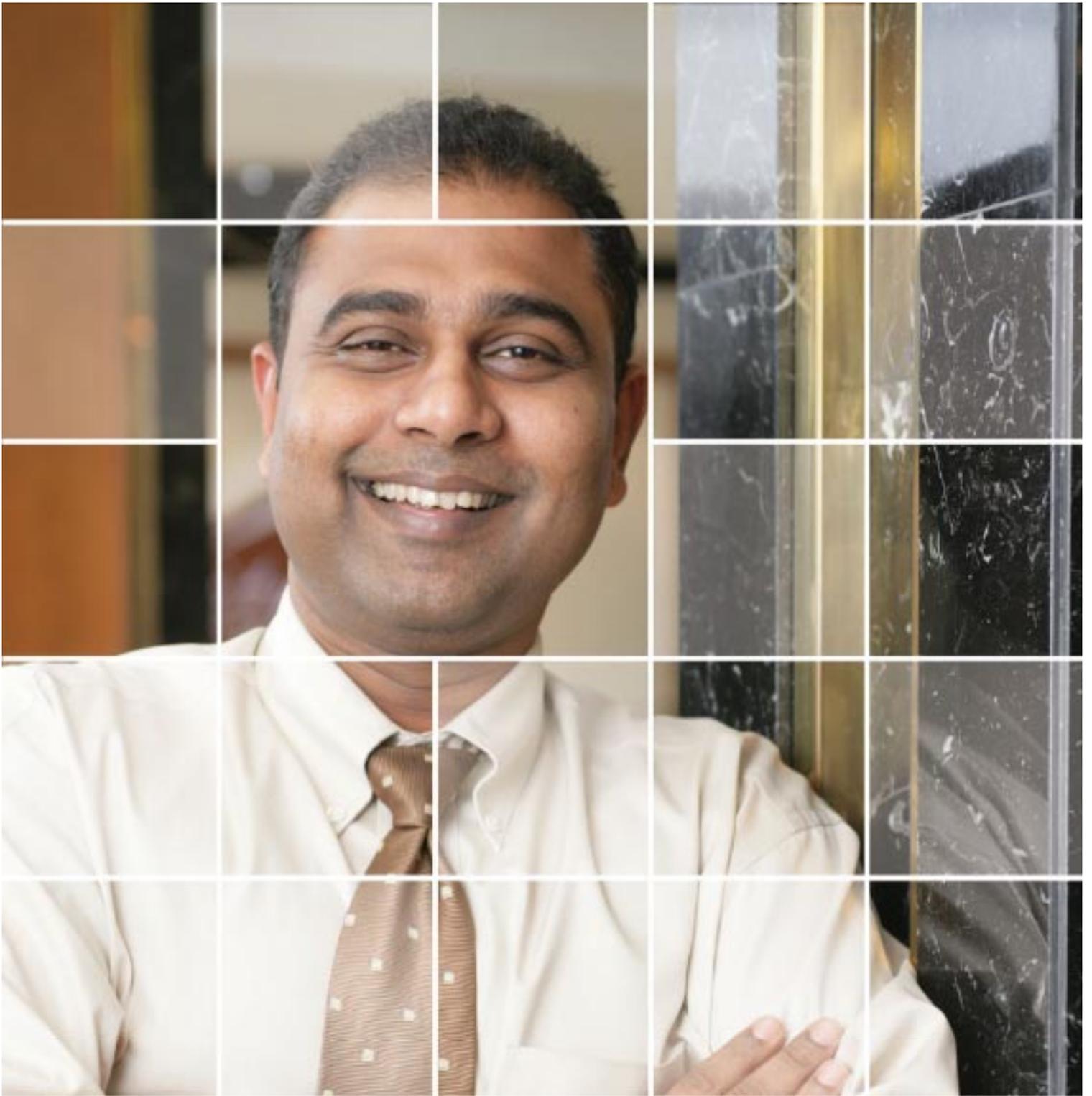
- Statutory Financial Statements **50**
- RHB Bank Branchers **166**



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.

financial highlights

	12 months Ended 31 Dec 2005	18 months Ended 31 Dec 2004	RHB BANK 12 months Ended 30 June 2003	12 months Ended 30 June 2002	12 months Ended 30 June 2001
--	--------------------------------------	--------------------------------------	---	---------------------------------------	---------------------------------------

INCOME (RM MILLION)

1. Operating Profit	975.28	1,267.48	927.29	934.23	975.43
2. Profit Before INCPS div, tax & zakat	478.33	594.50	410.32	228.02	465.70

BALANCE SHEET (RM MILLION)

1. Total Assets	74,154	71,320	60,766	48,499	49,237
2. Gross Loans and Advances	39,281	40,480	41,078	35,173	35,211
3. Total Deposits	50,615	51,552	46,754	36,677	36,945
4. Paid-up Capital	1,950	1,950	1,950	1,950	1,950
5. INCPS and Shareholders' Equity	5,457	5,333	5,140	4,906	4,864

ORDINARY DIVIDENDS (PAID)

1. Gross Dividend Rate (%)	11.50	10.13	1.22	3.80	6.60
2. Net Dividend (Paid) (RM Million)	161.46	142.22	17.13	53.35	92.66

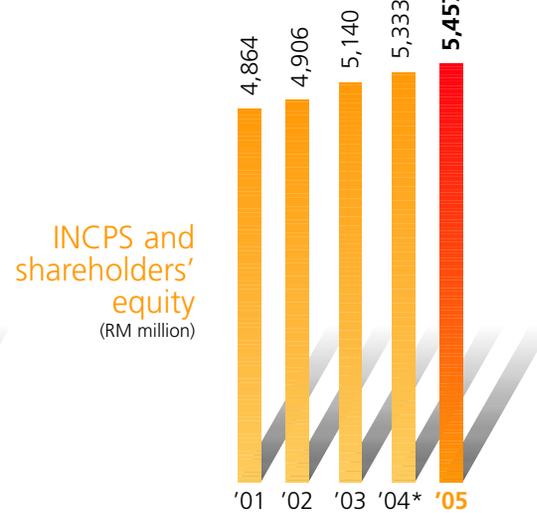
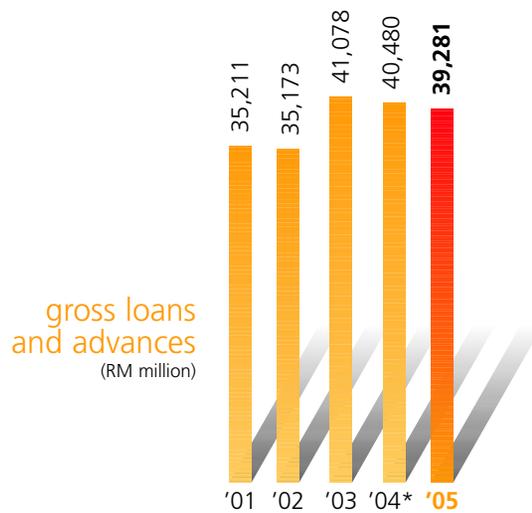
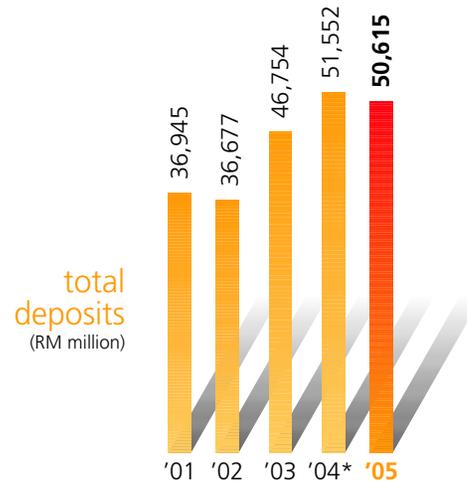
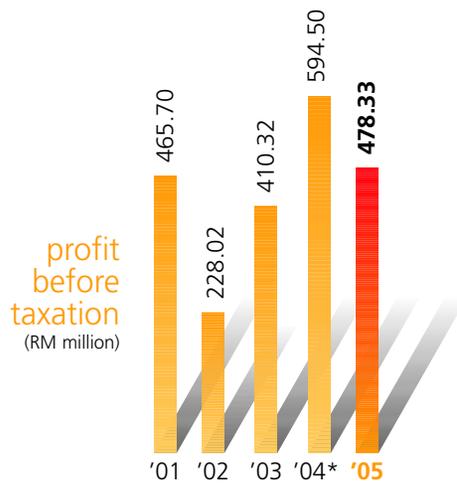
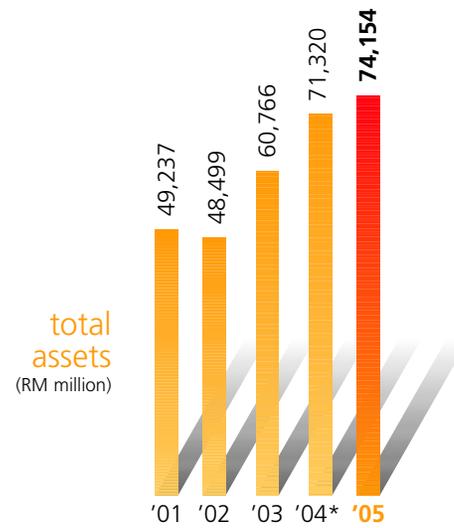
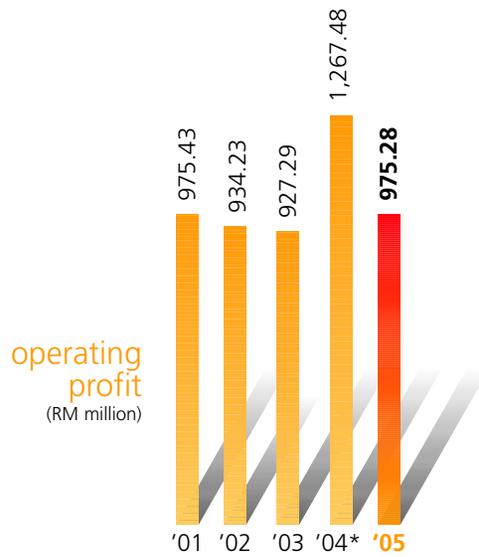
Final gross dividend of 4.1% less tax amounting to RM57.56 million in respect of current financial year 2005 will be proposed for shareholders' approval at the forthcoming Annual General meeting.

3. Net Preference Dividends (Paid) (RM' Million)	98.50	127.80	78.69	78.69	78.69
---	--------------	--------	-------	-------	-------

FINANCIAL RATIOS

1. Net Tangible Assets Backing per 50 Sen Ordinary Share (sen)	81.97	78.78	73.05	90.72	89.63
2. Return on Average Shareholders' Equity (%)	9.43	7.99*	9.07	4.24	11.26
3. Earnings per 50 Sen Ordinary Share (Sen)	6.90	7.90	6.50	2.00	5.87

* Pro-rated to 12 months



* The Bank 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 for the 18 months period ended 31 December 2004 have been restated arising from the retrospective application of the revised BNM/GP8.

corporate information

BOARD OF DIRECTORS

YBhg. Datuk Azlan Zainol	<i>Chairman, Non-Independent Non-Executive Director</i>
YBhg. Dato Abdullah Mat Noh	<i>Deputy Chairman, Non-Independent Non-Executive Director</i>
Tuan Haji Khairuddin Ahmad	<i>Non-Independent Non-Executive Director</i>
Encik Vaseehar Hassan Abdul Razack	<i>Non-Independent Non-Executive Director</i>
YBhg. Dato' Mohd Salleh Hj Harun	<i>Independent Non-Executive Director</i>
YBhg. Dato' Othman Jusoh	<i>Non-Independent Non-Executive Director</i>
Prof. Dr Balachandran A. Shanmugam	<i>Independent Non-Executive Director</i>
Encik Johari Abdul Muid	<i>Non-Independent Non-Executive Director</i>
Encik Ismael Fariz Ali	<i>Non-Independent Non-Executive Director</i>
YBhg. Dato' Mohamed Khadar Merican	<i>Independent Non-Executive Director</i>

SECRETARIES

Encik Azman Shah Md Yaman
Puan Norazzah Sulaiman

BOARD COMMITTEES

AUDIT COMMITTEE

YBhg. Dato' Mohd Salleh Hj Harun
Chairman
Tuan Haji Khairuddin Ahmad
Prof. Dr Balachandran
A. Shanmugam

EXECUTIVE COMMITTEE

YBhg. Datuk Azlan Zainol
Chairman
YBhg. Dato Abdullah Mat Noh
Encik Vaseehar Hassan Abdul Razack
Encik Ismael Fariz Ali
YBhg. Dato' Mohamed Khadar
Merican

LOANS COMMITTEE

YBhg. Dato Abdullah Mat Noh
Chairman
Encik Vaseehar Hassan Abdul Razack
Encik Ismael Fariz Ali
Encik Johari Abdul Muid
YBhg. Dato' Mohamed Khadar
Merican

REMUNERATION AND HUMAN RESOURCE COMMITTEE

YBhg. Dato' Mohd Salleh Hj Harun
Chairman
Encik Vaseehar Hassan Abdul Razack
Encik Ismael Fariz Ali

RISK MANAGEMENT COMMITTEE

YBhg. Dato' Mohd Salleh Hj Harun
Chairman
Tuan Haji Khairuddin Ahmad
YBhg. Dato' Othman Jusoh
Prof Dr Balachandran
A. Shanmugam

NOMINATING COMMITTEE

YBhg. Dato' Mohd Salleh Hj Harun
Chairman
YBhg. Dato' Othman Jusoh
YBhg. Dato Abdullah Mat Noh
Prof. Dr Balachandran
A. Shanmugam
Tuan Haji Khairuddin Ahmad

MANAGEMENT

Mr. Michael J Barrett
Chief Executive Officer
Mr. Thomas TC Chen
Chief Operating Officer

BUSINESS DIVISION HEADS

Mr. Michael Lim Kheng Boon
Treasury
Tuan Haji Abd Halim Haji Abd Hamid
RHB Delta
Encik Emran Ismail
Corporate Banking
Mr. Philip Lu Nam Ann
Commercial Banking/ SMI's
Mr. Michael Lor Chee Leng
Consumer Banking

DIVISION HEADS

YBhg. Dato' Ahmad Dato' Hj Ibrahim
East Malaysia & Brunei

YM Tengku Mohamad Rizam Aziz
Technology Banking

Mr. Rupert Koh Hock Joo
Finance

Encik Drahman Jaladin
Human Resource

Ms. Wong Yih Yin
Group Internal Audit

Mr. Rajaretnam Solomon Daniel
Credit Management

Encik Abdul Razak Mohd Ismail
Information Technology

Cik Rozita Abd Hafiz
Operations & Services

Mr. Ee Yew Chai
Loan Recovery

Dr. Joseph Eby Ruin
Risk Management

Mr. V. Rajendra Pillay
Legal & Regulatory Compliance

Mr. V. Maslamani
Compliance

Encik Azman Shah Md Yaman
Secretariat

MANAGEMENT OF SUBSIDIARIES

RHB ISLAMIC BANK BERHAD

Encik Khalid Bhaimia
Chief Executive Officer

RHB BANK (L) LTD

Ms. Toh Ay Leng
General Manager

RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD and RHB CAPITAL NOMINEES (ASING) SDN BHD

Cik Zurina Mohd Nordin
Senior Manager

OVERSEAS LOCATIONS

SINGAPORE

Mr. Lim Hun Joo
Country Head, Singapore

BRUNEI, BANDAR SERI BEGAWAN

Encik Apandi Klompot
Branch Manager, Brunei

THAILAND, BANGKOK

Mr. Tai Chong Yih
Country Head, Bangkok

JAPANESE BUSINESS GROUP ADVISER

Mr. Akira Miyama
Executive Director for Japanese Business

REGISTERED OFFICE

Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603-92878888
Fax : 603-92806507

BUSINESS ADDRESS

Head Office
Towers Two & Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

Or

P.O. Box No. 10145
50907 Kuala Lumpur
Tel : 603-92878888
Fax : 603-92879000 (General)
Telex : MA32813 RHBANK
MA31032 RHBANK
MA30437 RHBANK
Swift : RHBBMYKL
Call Centre : 603-92068118
Direct Service Internet :
603-92068228

AUDITORS

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

board of

from left to right:

*Datuk Azlan Zainol
Dato Abdullah Mat Noh
Vaseehar Hassan Abdul Razack
Haji Khairuddin Ahmad
Dato' Mohd Salleh Hj Harun
Prof. Dr Balachandran A. Shanmugam
Dato' Othman Jusoh
Johari Abdul Muid
Ismael Fariz Ali
Dato' Mohamed Khadar Merican*



directors



profile of the board of directors



YBHG DATUK AZLAN ZAINOL

(56 years of age - Malaysian)

Non-Independent Non-Executive Chairman

YBhg. Datuk Azlan Zainol (YBhg. Datuk Azlan) is currently the Chief Executive Officer of the Employees Provident Fund, Malaysia (EPF) since April 2001. YBhg. Datuk Azlan has 25 years experience in the banking and finance sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad. He is a Fellow of the Institute of Chartered Accountants of England & Wales, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants.

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

YBhg. Datuk Azlan was appointed as a Director and formalised as Chairman of RHB Bank on 27 July 2005 and 29 July 2005, respectively, representing RHB Capital Berhad, the holding company of RHB Bank. YBhg. Datuk Azlan also serves as the Chairman of the Executive Committee.



YBHG DATO ABDULLAH MAT NOH

(65 years of age - Malaysian)

Non-Independent Non-Executive Deputy Chairman

YBhg. Dato Abdullah Mat Noh (YBhg. Dato Abdullah) was formerly the President/Chief Executive Officer of Bank Utama (Malaysia) Berhad. Prior to joining Bank Utama in April 1999, he was attached to Standard Chartered Bank Malaysia Berhad for 36 years where his last position was the Senior Manager of its East Malaysia operations. YBhg. Dato Abdullah is a Member of the Chartered Institute of Bankers and Chartered Institute of Secretaries.

YBhg. Dato Abdullah's current directorships in public companies include RHB Sakura Merchant Bankers Berhad (Chairman) and RHB Islamic Bank Berhad.

YBhg. Dato Abdullah was appointed as the Deputy Chairman of RHB Bank on 7 May 2003, representing RHB Capital Berhad, the holding company of RHB Bank. YBhg. Dato Abdullah also serves as the Chairman of the Loans Committee, as well as a Member of the Executive and Nominating Committees.



TUAN HAJI KHAIRUDDIN AHMAD

(63 years of age - Malaysian)

Non-Independent Non-Executive Director

Tuan Haji Khairuddin Ahmad (Tuan Haji Khairuddin) began his career in the banking industry and was previously with Citibank N.A., Southern Bank Berhad, Bank of Commerce Berhad and Arab Malaysian Finance Berhad. He attended the Advance Management Course at Columbia Business School in New York, USA.

Tuan Haji Khairuddin's current directorships in public companies include RHB Unit Trust Management Berhad and RHB Insurance Berhad.

Tuan Haji Khairuddin was appointed as a Director of RHB Bank on 6 September 2001, representing Danamodal Nasional Berhad. He also serves as a Member of the Risk Management Committee, Audit Committee and Nominating Committee.



ENCIK VASEEHAR HASSAN ABDUL RAZACK

(55 years of age - Malaysian)

Non-Independent Non-Executive Director

Encik Vaseehar Hassan Abdul Razack (Encik Vaseehar Hassan) has 26 years experience in the financial sector. He holds a Bachelors Degree in Accounting, Masters in Business Administration as well as Specialised Masters in Consulting and Coaching. He is currently pursuing a Doctoral Research at the Vrije Universiteit, Amsterdam.

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 Capital 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 was appointed as a Director of RHB Bank on 7 May 2003, representing RHB Capital Berhad, the holding company of RHB Bank. He also serves as a Member of the Remuneration and Human Resource Committee, Loans Committee and Executive Committee.

profile of the board of directors



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) has 31 years of experience in banking and finance sectors. He was the Deputy Governor of Bank Negara Malaysia from 2000 to 2004. He has 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. He is a Fellow of the Institute of Bankers and also a Member of the Malaysian Institute of Certified Public Accountants.

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

YBhg. Dato' Mohd Salleh was appointed as a Director of RHB Bank on 20 August 2004. He also serves as the Chairman of the Audit Committee, Remuneration and Human Resource Committee, Risk Management Committee and Nominating Committee.



YBHG DATO' OTHMAN JUSOH

(57 years of age - Malaysian)

Non-Independent Non-Executive Director

YBhg. Dato' Othman Jusoh (YBhg. Dato' Othman) has held various senior positions in the Ministry of Finance until his retirement in June 2004. He has also served as the Group Chief Executive of Malaysian Kuwaiti Investment Co. Sdn Bhd from 1995 to 1998 and as the Executive Director of Asian Development Bank from August 2000 to July 2003. He is currently the Chief Executive Officer of Perbadanan Tabung Pendidikan Tinggi Nasional since August 2004. He holds a Bachelor of Economics (Honours) in Analytical Economics from the University of Malaya and a Masters in Business Administration from the University of Oregon, USA.

YBhg. Dato' Othman's current directorships in public companies include RHB Islamic Bank Berhad and Bank Pembangunan Malaysia Berhad (formerly known as Bank Pembangunan dan Infrastruktur Malaysia Berhad).

YBhg. Dato' Othman was appointed as a Director of RHB Bank on 23 August 2004, representing Khazanah Nasional Berhad. He also serves as a Member of the Risk Management Committee and Nominating Committee.



PROF. DR BALACHANDRAN A. SHANMUGAM

(51 years of age - Malaysian)

Independent Non-Executive Director

Prof. Bala Shanmugam (Prof. Bala) is currently the Director of Banking and Finance and also holds the Chair of Accounting and Finance at Monash University, Malaysia. His prior appointment was at the University of New England in Armidale, Australia. Prof. Bala has served at various universities all over the world. He is a Senior Associate of the Australian Institute of Bankers holding a Bachelors degree majoring in Banking Insurance and Finance from the University of Wales, a Masters in Business (Banking) from the National University of Ireland and a Doctor of Philosophy in Banking and Finance from Australia. Prof. Bala has published over 100 papers and more than 20 books. He also has about 5 years of banking experience.

Prof. Bala is also a Director of RHB Islamic Bank Berhad.

Prof. Bala was appointed as a Director of RHB Bank on 3 March 2005. He also serves as a Member of the Audit Committee, Risk Management Committee and Nominating Committee.



ENCIK JOHARI ABDUL MUID

(48 years of age - Malaysian)

Non-Independent Non-Executive Director

Encik Johari Abdul Muid (Encik Johari) is currently the Chief Investment Officer (Equity) of Employees Provident Fund (EPF). Encik Johari has more than 21 years experience in the financial sector, starting 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 an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

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

Encik Johari was appointed as a Director of RHB Bank on 1 April 2005, representing RHB Capital Berhad, the holding company of RHB Bank. He also serves as a member of the Loans Committee.

profile of the board of directors



ENCIK ISMAEL FARIZ ALI

(43 years of age - Malaysian)

Non-Independent Non-Executive Director

Encik Ismael Fariz Ali (Encik Fariz) is currently the Managing Director of FirstFloor Capital Sdn Bhd, a technology venture capital firm registered with the Securities Commission. Since 2000, Encik Fariz has been involved in the management of several venture and private equity funds ranging from angel and early-stage technology funds to mezzanine stage funds. Prior to joining FirstFloor Capital Sdn Bhd, Encik Fariz was attached to Arab-Malaysian Merchant Bank ("AMMB"). He has 5 years experience in venture capital and 16 years experience in merchant banking ranging from corporate finance, privatization, mergers and acquisitions, investment advisory and valuations to project finance, restructuring, corporatisations and overseas investments. His last held position in AMMB was General Manager, Project Advisory.

Encik Fariz's current directorships in public companies include Celcom Berhad, Technology Resources Industries Berhad and Pharmaniaga Berhad.

Encik Fariz was appointed as a Director of RHB Bank on 10 August 2005, representing Khazanah Nasional Berhad. He also serves as a member of the Executive Committee, Loans Committee and Remuneration and Human Resource Committee.



YBHG DATO' MOHAMED KHADAR MERICAN

(50 years of age - Malaysian)

Independent Non-Executive Director

YBhg. Dato' Mohamed Khadar Merican (YBhg. Dato' Khadar) has had over 20 years financial and general management experience in the commercial environment. He is a Member of the Institute of Chartered Accountants in England and Wales and is also a Member of the Malaysian Institute of Accountants. He was a past President of Malaysian Association of Hotel Owners. He currently manages his own financial consultancy practice.

His other directorships in public companies include Rashid Hussain Berhad, RHB Sakura Merchant Bankers Berhad, RHB Insurance Berhad and Astro All Asia Networks Plc.

YBhg. Dato' Khadar was appointed as a Director of RHB Bank on 9 January 2006. He also serves as a member of Executive Committee and Loans Committee of RHB Bank.

RHB Bank corporate structure – As at 31 March 2006

RHB BANK BERHAD

- RHB ISLAMIC Bank Berhad
- RHB Bank (L) Ltd
- RHB Leasing Sdn Bhd
- RHB Capital Nominees (Tempatan) Sdn Bhd
 - RHB Capital Nominees (Asing) Sdn Bhd
- RHB Capital Properties Sdn Bhd
- Utama Assets Sdn Bhd
- RHB Bank Nominees Pte Ltd
- Banfora Pte Ltd
- RHB Investment Ltd
- RHB Trade Services Limited
- Utama Gilang Sdn Bhd
 - CMS Trust Management Berhad
- U.B. Nominees (Tempatan) Sdn Bhd
- RHB Delta Finance Berhad ^
- RHB Delta Nominees (Tempatan) Sdn Bhd
- UMBC Sdn Bhd
- INFB Jaya Sdn Bhd
- USB Nominees Sdn Bhd
- USB Nominees (Asing) Sdn Bhd
- USB Nominees (Tempatan) Sdn Bhd

Dormant company

Associate company

^ 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.



chairman's report 2005

"... RHB Bank has delivered an improved financial showing in the financial year ending 31 December 2005 as it continues to maintain its position as the RHB Capital Group's largest profit contributor, accounting for 69% of the Group's profit during the financial period under review."

On behalf of the Board of Directors, I am very pleased to present RHB Bank Berhad's ("RHB Bank") annual report for the financial year ending 31 December 2005.

ECONOMIC AND INDUSTRY OVERVIEW

With a rapidly evolving and increasingly challenging business landscape setting the tone for customer and stakeholder expectations, RHB Bank has maintained its foothold in the market by delivering consistently high quality products and services in an effective and efficient manner. Conscious of growing competition stemming from the intensifying challenges of globalisation, the Bank has pushed ahead with great dynamism and velocity as it strives to achieve greater momentum and establish a stronger foothold in the ever changing operating environment.

Key to the Bank's success has been the country's strong economic footing. While the global economic pendulum has caused ripples across many economies, Malaysia has persevered; backed by strong fiscal and monetary policies.

The outlook for the global economy in 2006 is expected to remain positive with the gradual and measured pace of monetary tightening in the world economy at large having been well-absorbed; thus keeping consumer and business confidence buoyant. Sustained growth of around 3.4% is expected for the US economy in 2006, moderating slightly from the 3.5% growth in 2005. The resilience of the



US economy, reflected in better employment figures to support consumer spending, is expected to reverberate positively across the globe. Equally, no sharp slowdown is anticipated in China's economy where real Gross Domestic Product ("GDP") growth is expected to be as strong as 9.2-9.3% in 2006 vis-à-vis the 9.9% growth in 2005.

Echoing the global trends, the Malaysian economy remains robust although real GDP growth for 2005 slowed to 5.3%, compared to the 7.1% growth achieved in 2004. The outlook for the year ahead is positive, aided by a stable political climate. Correspondingly, competition in the financial services industry is also expected to intensify as the positive economic environment places increased demands for competitive and sophisticated financial products and services to facilitate business growth and create new adjacencies.

The significant pick-up in exports, rising consumer confidence, higher fiscal spending, sustained domestic demand at around 7%, collectively point to a positive outlook for the year ahead, with the Malaysian economy projected to grow at a stronger pace of 6% in 2006.

Already the banking sector has benefited from the buoyancy in the economy, as reflected by the growth in industry loans, which expanded by 8.6%.

PERFORMANCE IN 2005

Against this economic backdrop, RHB Bank has delivered an improved financial showing in the financial year ending 31 December 2005 as it continues to maintain its position as the RHB Capital Group's largest profit contributor, accounting for 69% of the Group's profit during the financial period under review. RHB Bank recorded a profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividend, taxation and zakat of RM478.3 million for the financial year ended 31 December 2005. Comparatively, this represents an annualised growth of 21% against the profit before tax of RM594.5 million for the previous 18 month financial period ended 31 December 2004.

Asset quality for the Bank has improved with a net Non-performing loans ("NPL") ratio of 5.2% in December 2005 (based on 3 months NPL classification) compared to 6.3% in December 2004 (based on 6 months NPL classification)



In pursuing the Group's expectations, RHB Bank aims to extend and further strengthen its performance in the financial year ahead. This will be achieved through growth in targeted market segments, whilst optimising costs. We have a sound strategy in place, where we aim to make our presence felt in many areas. This includes expanding our stable of products and services, while striving to improve delivery channels, implement Group-wide cross-selling initiatives, and more importantly, strengthening our relationship with customers and stakeholders to ensure that their expectations and requirements are continuously met, if not exceeded.

2005 HIGHLIGHTS

The year under review was a year of challenges and changes for the Group, resulting in some positive developments and initiatives, which were introduced for the Bank and for the Group as a whole. It was also a year for change, where many new initiatives were implemented.

RHB ISLAMIC BANK

One of the biggest events in the financial period under review was the establishment of RHB ISLAMIC Bank, which began operating as a full-fledged bank on 16 March 2005. RHB Bank made history as the first commercial bank to set up a standalone Islamic banking subsidiary, licensed under the Islamic Banking Act 1983. This was a milestone for not only the RHB Group but also in Malaysia's banking history as RHB ISLAMIC Bank is the first Islamic Bank in Malaysia to evolve from an Islamic banking window operation of a commercial bank.

The incorporation of RHB ISLAMIC Bank as an Islamic banking subsidiary of RHB Bank was very important, as it helped strengthen the institutional structure of Islamic banking operations within the RHB Group. The prospects in the Islamic banking sector are very promising. Currently one of the fastest growing sectors in the market, accounting for

10% of the total banking system, the sector is expected to expand to 20% by the year 2010. As a pioneer in this area, we have certain advantages that will help us expand our market share even further as we tap new opportunities and adjacencies.

As a full fledged standalone bank with its own paid up capital, RHB ISLAMIC Bank operates independently in delivering Shariah compliance Islamic banking products and services to meet customers' requirements. A Shariah Committee consisting of local and international experts also gives us added weight, as we are able to consistently deliver Shariah compliant products and services that are of global standards.

As added advantage that RHB ISLAMIC Bank has is that it is able to leverage on the synergies and existing infrastructure of the RHB Group. To give RHB ISLAMIC Bank added velocity, the Bank will utilise the delivery channels that are already in place at RHB Bank, leveraging on the cross-selling opportunities, existing knowledge and skills sets of other units within the RHB Group; all of which are readily available to be utilized efficiently and effectively for the benefit of RHB ISLAMIC Bank's customers.

MERGER

Streamlining efforts were further amplified when the Ministry of Finance gave the approval for the transfer of the finance company business of RHB Delta Finance to RHB Bank. Upon Merger Day-1 which took effect from 1 January 2006, all business and operations of RHB Delta Finance were conducted through RHB Bank. The merger had further expanded the stable of products and services for RHB Bank and signals the start of another new phase for RHB Bank as it moves ahead with greater agility to become a complete, one-stop financial services provider.

STRATEGIC INITIATIVE

Taking into account the ever intensifying competition and evolving business landscape where economies are becoming borderless, it is imperative that we stride ahead with greater momentum while ensuring that our products and services are at world class levels.

In line with our strategy and aspiration to become a leading financial services provider in the country, the Board of Directors approved the rollout of RHB Bank's Strategic Initiative in the final quarter of 2005, which defines the Banks' Vision, Mission and Core Values.

The Strategic Initiative places the customer at the apex of all our activities and focuses on RHB Bank being the Provider of Choice, Employer of Choice and Investment of Choice. With strategies well defined and the processes clearly

The year under review was a year of challenges and changes for the Group, resulting in some positive developments and initiatives, which were introduced for the Bank and for the Group as a whole. It was also a year for change, where many new initiatives were implemented.

outlined, the Strategic Initiative creates a cohesive and realistic set of objectives, which employees can readily embrace and work towards. To ensure that this is communicated well to all employees, we embarked on an intensive and extensive programme, which will serve as our company ethos and blueprint for the future.

COMMUNITY AND SOCIAL RESPONSIBILITY

As a bank which puts its customers first, RHB Bank attests firmly to the policy of giving back to the community. Corporate Social Responsibility is an intrinsic part of our business strategy and we participated, organised and supported various community activities and events throughout the year.

These activities were varied, and some were aimed at enhancing employee relations while others were for external stakeholders.

Among the activities the bank was involved in include :

- RHB Bintang Di Hati in February 2005
- Maulidur Rasul Celebration 2005 in April 2005
- Labour Day Celebration 2005 in May 2005
- Children Academic Excellence Award in June and August 2005



We will remain aggressive in the marketplace, improve our competitiveness further and enhance our financial standing even more. We believe that we can do this as we are stronger and more focused than ever before, as we have begun a determined journey towards renewed competitiveness and profitability.

- RHB Jogathon 2005 in July 2005
- The Edge Rat Race in September 2005, which raised funds for various charitable organisations
- Majlis Iftar Kumpulan RHB 2005 in October 2005
- RHB Futsal Challenge 2005
- Blood Donation Campaign (four times a year)

AWARDS

A testament to our continued progress and growth is the succession of awards clinched by RHB Bank during the period under review. These awards are very meaningful as they serve as an acknowledgement from our peers and the industry at large, for our high standards and quality, and we will strive to better this in the next financial year. Appreciation goes out to all our employees for their support, commitment and dedication.

Among the awards the Bank received include :

- Best Domestic Providers of FX Services, as voted by Financial Institutions - Asia Money Foreign Exchange Poll
- Best Domestic Providers of FX Services, as voted by Malaysian Market - Asia Money Foreign Exchange Poll
- Elite Quality Recognition Award on Straight Through Processing (2005) - JP Morgan Chase
- Outstanding Payment Formatting & Straight Through Rate on USD Remittances (2005) – The Bank of New York
- CGC Top Supporter SMI Award (for 7 consecutive years) - Sahabat SMI Award 2005
- AirAsia MasterCard – Best Chip Card Award – Gold Winner
- Best New Service Award presented during the Asean Communications and

Multimedia (ACM) Expo 2005. This award was given in recognition of innovative and community oriented OneSen section on our portal which reflects RHB Bank's commitment to building financial savvy young Malaysians online via rhbbank.com.my.

- Asia Money - RHB Bank Cash Management Services:
 - 2nd Best Overall for Domestic Cash Management,
 - 3rd Best Local Cash Management Bank

On a more personal level, special kudos goes out to Ms Thilagarani A/P Vatiapan of RHB Bank for receiving the prestigious '2005 Customer Relationship Management & Contact Centre Association Malaysia ("CCAM") Gold Award – Best Agent for In-House Contact Centre Professional above 50 seats'.

THE FUTURE

The year under review has been good for RHB Bank and we are confident that the new year will be even better as we put into place new tactical strategies and plans to strengthen our brand further. We will remain aggressive in the marketplace, improve our competitiveness further and enhance our financial standing even more. We believe that we can do this as we are stronger and more focused than ever before, as we have begun a determined journey towards renewed competitiveness and

profitability. We have drawn important lessons from our past, and re-energised ourselves in many ways; results of which can be seen by our growing number of successes, awards and the start of a new wave of products and services.

With the core values of customer focus, teamwork, respect, innovation and quality articulating our corporate strategy, I strongly believe that the results would continue to be positive, measurable and dramatic, and most importantly, the value created would be clearly recognised by all our stakeholders. Most importantly, what we achieved in the past 2 years has helped us gain greater direction and motivation to begin driving meaningful and sustainable progress that is measurable. As we innovate in technology, we are equally focused on crisp execution, and will strive even harder to deliver unparalleled customer satisfaction.

We are also conscious of the fact that our profitability will not only depend on our products and services, as it will also be dependent on our ability to create new revenue streams through new application of knowledge and ideas, where diversity will be key.

Backed by our strong team at RHB Bank, we look forward to another good year as we continue to set new benchmarks in the industry.

APPRECIATION

At RHB Bank, we are well aware that our people are the key to our future, where our ability to differentiate ourselves from the competition depends on their creativity, dedication and energy. With a formidable management team, backed by committed, dedicated and focused employees who have all stood tall to take up the challenges throughout the year, we are

confident that we have the right people in place to support the Bank's aspiration to be the nation's premier, one-stop financial services provider.

On behalf of the Board of Directors, I wish to thank the Management and staff of RHB Bank for their continued commitment, dedication and support which will be crucial in meeting the challenges ahead.

I would also like to express our sincere gratitude to the respective government authorities and regulatory bodies for their invaluable guidance and support in the face of an intensely challenging and competitive market conditions.

Our sincere appreciation also goes to all our customers, clients, business partners, suppliers and other stakeholders who have continued to have faith in RHB Bank and given us the added momentum to stride ahead with great confidence and enthusiasm. We thank you for believing in us.

Finally, I would like to express my deepest appreciation to fellow members of the Board for their unwavering support, wisdom and guidance throughout the year.

Together, we will steer the Bank to greater achievements.

Azlan Zainol
Chairman



operations review 2005

FINANCIAL REVIEW

The Malaysian economy was in good stead in 2005, with consumer confidence generally upbeat. Buoyed by the country's economy and propelled by aggressive marketing and consumer activities, RHB Bank Group ("the Group") performed well during the financial year ended 31 December 2005 ("FYE 2005"). The Group recorded a pre-tax profit

(before INCPS dividend, taxation and zakat) of RM624.3 million, representing an annualised growth of 28.1% against the pre-tax profit of RM731.2 million for the previous 18-month financial period ended 31 December 2004 ("FYE 2004").

The major contributors to the Group's pre-tax profit for FYE 2005 are as follows:

RHB Bank Berhad	RM478.3 million
RHB Delta Finance Berhad Group	RM63.1 million
RHB ISLAMIC Bank Berhad	RM60.2 million
RHB Bank (L) Ltd	RM55.6 million

The enhanced pre-tax profit was achieved on the back of an annualised growth of 18.4% in net income to RM2.3 billion. Supported by the 8.7%



growth in gross loans, the Group's net interest income expanded by an annualised 18.5%. The Group also recorded annualised growth of 19.9% and 12.4% in other operating income and income from Islamic banking business respectively. Meanwhile, other operating expenses grew at 12.0%. Consequently, the Group's operational efficiency as measured by the cost to income ratio improved to 47.2% in FYE 2005 from 49.9% in FYE 2004.

The Group also performed well in terms of managing its Non-Performing Loans (NPL) where the Gross NPL declined by 14.7% to RM4.2 billion in December 2005 from RM4.9 billion in December 2004. The improvement was achieved despite the change to a 3-month NPL classification, which was introduced in September 2005. Gross and Net NPL ratios declined to 8.2% and 4.9% respectively in December 2005, from 10.5% and

5.7% respectively in December 2004. This significant improvement was the result of a combination of factors including aggressive recovery efforts, which saw the resolution of several major NPLs, as well as writing-off and/or writing-down of old legacy NPLs where probability of recovery was deemed to be slim.

On the deposits front, the Group improved its funding as core deposits comprising current and savings accounts grew by 6.2%.



Consequently, core deposits mix as a proportion of total customer deposits increased to 37.8% in December 2005 from 35.4% in December 2004.

The Group remains strongly capitalised, with shareholders' equity and INCPs amounting to RM5.7 billion at the end of the financial year, while the Risk-Weighted Capital Adequacy Ratio was at 12.9%. The Group's core capital ratio, meanwhile, stood at 8.6%.

OPERATING ENVIRONMENT

Several policy changes were effected during the year, aimed at strengthening the economy to better face the challenges of global competition. One of the notable changes was in foreign exchange policy. On 1 April 2005, Bank Negara Malaysia ("BNM") relaxed the foreign exchange administration rules to expand customers hedging to include other types of foreign

exchange financial obligatory payables or receivables such as investments or education abroad from only trade-related foreign exchange exposures previously. Arising from this, the Bank strengthened its presence and share in the market by offering its products and services to a wider customer base. On 21 July 2005, BNM announced an important change in currency policy to allow the exchange rate of the Ringgit to operate on a managed float. The move gave the Bank the opportunity



to intensify efforts in expanding its advisory services in market analysis for customers' hedging and investment needs.

Another significant development is the establishment of the Malaysia Deposit Insurance Corporation ("MDIC") in August 2005 to administer the deposit insurance system in Malaysia. The deposit insurance system should result in a further strengthening of the banking industry as it improves consumer

protection and enhances public confidence in the financial system by providing explicit protection of deposits.

In November 2005, BNM increased the Overnight Policy Rate ("OPR") by 30 basis points to 3%, which resulted in a corresponding increase in RHB Bank's Base Lending Rate and funding costs. This was the first such move by BNM since the OPR was introduced in April 2004.

BANK BUSINESS UNITS REVIEW

RHB Bank has a comprehensive network comprising branches and alternative banking channels, which include Internet Banking, Phone Banking and ATMs. As at 31 December 2005, RHB Bank had 200 domestic branches, over 500 ATMs and a customer call centre staffed by approximately 200 personnel, which in January 2006 was awarded the ISO 9001:2000.



The Bank provides a range of retail, commercial and corporate banking services through the following business units: Consumer Banking, Commercial Banking, Corporate Banking and Treasury. In addition, the Bank also has a regional presence, with branches in Singapore, Brunei and Thailand.

The Bank has successfully reshaped itself towards the consumer and commercial segments from its traditional corporate focus. For FYE 2005, the loans growth in these two key business segments are as follows:

- Consumer – 9%
- Commercial – 19%

In addition to loans growth in the above businesses, the Bank's Treasury assets also grew by 18% during the year.

Consumer Banking

During the period under review, RHB Bank focused on ways to expand its customer base and improve the Bank's relationship with its customers. This was achieved by proactively acquiring new customers in targeted segments, managing customer relationships more strategically and building value and innovation into product offerings.

Mortgages continue to be a major component of the Bank's Consumer Business, accounting for about 28% of the Bank's portfolio. Credit cards



have shown remarkable growth with its innovative products such as the co-branding credit card programme with Air Asia Berhad. The AirAsia credit card programme has shown great success, winning the coveted MasterCard Gold Chip Card Award in Asia Pacific for 2005. Also, in line

with Government regulations, extensive investments were made for EMV Credit Card Compliance and Line Encryption Projects. This investment has paid off, as there has been a significant decline in counterfeit card fraud, which has boosted customer confidence immensely.

Infinity Banking, which was re-launched in January 2005, also enjoyed positive growth during the period under review. Formerly known as Premium Banking, Infinity



Banking was designed to meet the increasingly sophisticated banking needs of RHB Bank's customers and has helped the Bank transform itself from a transactional bank to one that provides comprehensive money management advice and services.

Commercial Banking

RHB Bank's Commercial Banking Business is segmented to Middle Market and Small and Medium Enterprises ("SME"). The SME segment remains a very important part of the economy, as SMEs form an integral part of the nation's economy. RHB Bank will continue to push growth by expanding and developing business opportunities.

Initiatives in 2005 aimed at expanding the growth in the SME segment included:

- Dedicated Sales Team to reach out to New Customers
- Relationship Building with Trade Associations and Government Ministries to Promote RHB Bank's SME Financial Services through seminars and talks

- Introducing Innovative and Competitive Loan Packages and Services
- Re-engineering Processes to Improve Turnaround Time and Efficiency
- Actively Promoting Government Funded Schemes and Credit Guarantee Corporation Schemes
- Dedicated Bumiputera Business Development Team to target Bumiputera SME Opportunities

RHB Bank has been actively supporting the SME segment over the years via several strategic initiatives such as the annual Enterprise 50 award that is organised by the Small and Medium Industries Development Corporation ("SMIDEC") to acknowledge the achievements of Malaysia's homegrown companies. In addition to this, RHB Bank has also co-sponsored the nationwide Domestic Investment Seminar organized by the Malaysian Industrial Development Authority ("MIDA").

Corporate Banking

The Bank's Corporate Banking Division provides banking services to large local corporate customers, mainly listed entities, and multinational companies in Malaysia. The Bank will continue to selectively grow targeted segments, focusing marketing efforts on the Bank's profitable relationships. RHB Bank is one of the largest trade services providers in the country serving more than 10,000 trade customers, generating fee-based income. During the year, RHB Bank formed strategic alliance with foreign banks to offer competitive trade finance products and services. The Bank also developed innovative structured financing for working capital clients to meet demands for off-balance sheet financing. Recognising the importance of funding, the Bank set up a Liabilities Management Department to drive deposits and improve funding costs.

RHB Bank has also invested heavily in a new Internet-based cash management solution, which is expected to be launched in 2006 to enhance the Bank's product offerings to Corporate and Commercial customers.

Treasury

Treasury continues to be an active player in the domestic financial market and has continuously upheld its Principal Dealer Status in the bond market for more than a decade, playing an active role in supporting market trading and development activities. To holistically meet the business, hedging and investment needs of individual and



corporate customers of the Bank, Treasury continues to innovate and offer a comprehensive range of retail, hedging, investment and structured products. Investments linked to derivatives, Western Union International Money Transfer Service, Foreign Workers' & Students' Remittance Services, Multi Currency Accounts, Gold Loans and Options are amongst the latest products offered by the Bank.

The Bank continues to strengthen its presence in the domestic market, particularly in its offerings of foreign exchange and remittance payment services to customers, having achieved recognition as Asiamoney Best Domestic Providers of FX Services as voted by Financial Institutions and the Malaysian Market, JP Morgan Chase Elite Quality Recognition Award on Straight Through Processing, The Bank of New York Award for Outstanding Payment Formatting & Straight Through Rate on USD Remittances, Lloyds TSB Award for Excellence in STP Payment Processing and Business Excellence Award from Amex International for sales of Travellers' Cheques.

KEY SUBSIDIARIES REVIEW

RHB Delta Finance Berhad ("RHB Delta")

RHB Delta Group, comprising RHB Delta and its leasing subsidiary continued to spearhead the Group's Auto Financing and Asset Based Financing business spread during the year under review via its 17 branches and 5 business centres in Malaysia. As at 31 December 2005, RHB Delta Group had gross loans of RM6.8

billion. For the year ended 31 December 2005, RHB Delta Group recorded a pre-tax profit of RM63.1 million. On 1 January 2006, RHB Delta's business and operations were merged with RHB Bank. Given the enlarged infrastructure after the merger and its established network among the automotive dealers and equipment vendors in the country, RHB Delta is expected to continue with its strong growth in financial year 2006.

RHB ISLAMIC Bank Berhad ("RHB ISLAMIC")

The Group was the first commercial banking group to set up an Islamic banking subsidiary, with RHB ISLAMIC commencing operations on 16 March 2005. RHB ISLAMIC evolved from the window operations of Skim Perbankan Islam ("SPI") of RHB Bank. RHB ISLAMIC is able to leverage on RHB Bank's infrastructure and distribution network, as well as cross selling opportunities to the Bank's customer base. As at 31 December 2005, RHB ISLAMIC's gross loans were RM3.5 billion. For the year ended 31 December 2005, RHB ISLAMIC recorded pre-tax profit of RM60.2 million.

RHB Bank (L) Ltd ("RHB Labuan")

RHB Labuan is the offshore banking arm of the Group and complements the services and products offered by the Group by providing non-Ringggit credit facilities and accepting non-Ringggit deposit placements. As at 31 December 2005, RHB Labuan had gross loans of RM1.4 billion. For the year ended 31 December 2005, RHB Labuan recorded a pre-tax profit of RM55.6 million.

MOVING FORWARD

Vision, Mission, Core Values

A significant event for the year was the rollout of RHB Bank's Strategic Initiative, which maps out the Bank's Vision, Mission and Core Values. The newly defined Vision positions RHB Bank as a fully integrated financial services provider – focusing on the customer and adding perspective to the Bank's long-term business objectives. The Mission reflects the commitment to ensure that RHB Bank is the Provider of Choice, Employer of Choice and Investment of Choice, while the cogent and precise set of Core Values will support decision-making in competitive times.

In line with the Strategic Initiative, several development areas have already been earmarked across the board and these include:

- The Development of Customer Segmentation Strategies – to be Proactive to Customer Needs
- Enhancement of the Technology Platform to Support Strategic Initiatives
- Implementation of Employee Development and Retention Programmes
- Enhancement of Key Performance Indicators to Focus on Business Drivers to Increase Profitability
- Improve Service Quality Tracking and Performance Matrices

The Strategic Initiative will serve as the blueprint for the future and take the Bank and its employees to a higher level of excellence. As RHB Bank strives to strengthen its position as one of the country's leading banks, the Strategic Initiative will be a guide and reference not only for the employees but also for all the stakeholders.

Investing in Technology

With technology being a key business enabler, RHB Bank continued to invest in enhancing IT capabilities to support its strategic initiatives to improve customer service and achieve business growth. In 2005, RHB Bank implemented a fully integrated Customer Information System and Data Warehouse to further enhance the understanding of customers' needs and enable it to better meet their needs. In view of the greater dependency on computer systems pursuant to the migration from the manual processing environment and increased number of critical systems, RHB Bank upgraded its Mainframe Disaster Recovery Strategy to ensure recovery of the mainframe services within 4 hours.

Another strategic initiative that was mooted in 2005, which is expected to be completed towards the end of the current financial year is the

implementation of an Enterprise Application Integration Platform designed to connect, consolidate and coordinate systems, applications, data, business process and people across the Bank. This streamlining exercise will result in greater efficiency of processes and improved cost effectiveness.

Customer Service Initiatives

In line with the Service Quality Plan, a series of initiatives were implemented aimed at obtaining an in-depth assessment of RHB Bank's service levels and customer expectations. The results of these initiatives will then be used to develop strategies to transform the organisation to be more customer-centric.

AC Nielsen, an international market research company, was commissioned to carry out the following initiatives:

- "Mystery Shoppers" at RHB Bank branches to benchmark the Bank's service standard against that of the competitors
- Focus Group Sessions with customers to gauge their expectations
- Customer Service Surveys

HR Development

Investment in human resources extended to investing in staff development programmes to ensure that staff skills are continually upgraded to meet the challenges of the increasingly competitive and demanding market environment. To continue enhancing the development culture within RHB Bank, a Personal Development Planning Process was extended to all employees.

RHB Bank also conducted a Staff Survey with the assistance of International Survey Research ("ISR") to create a baseline measure of employee perception and engagement levels, as well as to solicit ideas for improvement. In addition, the survey allows RHB Bank to benchmark against organisations within Malaysia, Asia Pacific as well as global financial institutions surveyed by ISR.

CONCLUSION

The year ahead promises to be a good year, as RHB Bank continues to make progress in key areas of its business. By putting the customer first and aiming to exceed customer expectations, the Bank is in good stead to achieve its aim of being the provider of choice for financial services. This will set the tone and pace for the management to lead RHB Bank into a new era and deliver superior services and products.

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



corporate highlights

business activities



1	2	3
4	5	
6	7	

1. RHB Group Chairman, Dato Sri Sulaiman Abdul Rahman Taib witnesses the exchanging of documents at the Disaster Recovery 'Hot' Site Services Signing Ceremony between RHB Bank and Heitech Padu Berhad on 14 April 2005.
2. Directors and Senior Management with MB of Negeri Sembilan during ASNB launching at Seremban on 20 April 2005.
3. Prime Minister of Malaysia, former Chairman and Deputy Chairman of RHB Bank during the launching of ASNB in Seremban on 20 April 2005.
4. CEO of RHB Bank, Mike Barrett (2nd from right) and Michael Lor, Head of Consumer Banking Exchanging documents at the Signing Ceremony event with ING Insurance Bhd's CEO on 11 May 2005.
5. Prem Kumar from Technology Banking Division demonstrates how the system operates to His Majesty during ACM Technology Banking event on 6 Sept 2005.
6. The winners of AirAsia Credit Card 100,000th Card Member with some of the VIPs from both sides. Seen here are Dato' Tony Fernandez & Dato' Pahamin from AirAsia (second & third from left respectively) & Dato' Abdullah & Mike Barrett (second from right & right end respectively).
7. Head of Consumer Banking, Michael Lor receives the certificate of ISO 9001 : 2000 awarded to Customer Care Centre from SIRIM Qas International S/B.



1	2
3	4

1. Our RHB Bank's staff showing off their talents during the Consumer Sales & Services Awards Night at Shangri-La Hotel on 16 April 2005.
2. The staff attending the Blood Donation Campaign organised by RHB Bank in May 2005
3. The recipients of Children's Academic Excellence Award posing with the CEO and En. Drahan Jaladin, Head of Human Resource during Children's Academic Excellence Award on 25 June 2005.
4. Some of the participants competing in the RHB Jogathon 2005 at RHB Complex Bangi on 31 July 2005

social activities



1	2
3	

1. COO of RHB Capital, Mr. Wong Yoke Ming, Dato' Abdullah & Dato' Mohamed Khadar Merican with children from the orphanages at our RHB-Iftar Event on 20 Oct 2005.
2. Malaysian artistes are among the audiences selected to watch the latest edition of "The Star Wars" on 18 May 2005.
3. RHB Bank's staff from Credit Card Centre during the preview of The Star Wars Episode III at The Mall on 18 May 2005.

corporate governance statement

INTRODUCTION

The Board of Directors ('Board') of RHB Bank Berhad ('RHB Bank' or 'the Bank') is pleased to report on the application by the Bank and its subsidiary companies ('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. Although the Bank is not a listed company, the Board has endeavoured to apply the principles and comply with the relevant best practices of corporate governance as set out in the Code. The Bank is also required to comply with Bank Negara Malaysia's (BNM) Guidelines On Corporate Governance For Licensed Institutions (Revised BNM/GP1).

BOARD OF DIRECTORS

Board's Responsibilities

The Board subscribes to the principles of good corporate governance and as such, will always ensure that the Bank and its Group achieve best practice in the conduct of the Bank's and 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 Bank 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 Bank and its operating subsidiaries.

Composition of the Board

The Board currently has ten (10) members, comprising the Non-Independent Non-Executive Chairman, the Non-Independent Non-Executive Deputy Chairman, three (3) Independent Non-Executive Directors and five (5) Non-Independent Non-Executive Directors, as follows:-

Name of Director

Designation

YBhg. Datuk Azlan Zainol	Non-Independent Non-Executive Chairman
YBhg. Dato Abdullah Mat Noh	Non-Independent Non-Executive Deputy Chairman
Tuan Haji Khairuddin Ahmad	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
YBhg. Dato' Othman Jusoh	Non-Independent Non-Executive Director
Prof. Balachandran A. Shanmugam	Independent Non-Executive Director
Encik Johari Abdul Muid	Non-Independent Non-Executive Director
Encik Ismael Fariz Ali	Non-Independent Non-Executive Director
YBhg. Dato' Mohamed Khadar Merican	Independent Non-Executive Director

Pursuant to the Revised BNM/GP1, licensed institutions are required to ensure at least one-third (1/3) of their board members are independent directors. The Board is in the midst of appointing one (1) more independent director subject to BNM's approval to ensure the Bank meets with the said requirement.

The Board conducted a pilot run of the Board Effectiveness Evaluation in 2005, to assess the effectiveness of the Board as a whole and the individual directors.

The Directors bring together to the Board a wide range of business management skills, as well as banking and financial experience required for the management of one of the largest Bank in the country. All Board members

participate fully in the deliberation and decision making process on the key issues involving the Group.

There are clear division of responsibilities between the Board and the Chief Executive Officer (CEO) to ensure the balance of power and authority. The CEO's primary responsibilities are to manage the Bank's day-to-day operations and together with the Non-Executive Directors ensure 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 Bank and 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 dominates 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 10 to page 14 of the Annual Report.

corporate governance statement

Board Meetings and Supply of Information to the Board

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

The Board convened twenty three (23) meetings for the financial year ended 31 December 2005. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings are set out below:-

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
YBhg. Datuk Azlan Zainol ^{(1)*}	5/6	83
YBhg. Dato Abdullah Mat Noh	21/23	91
Tuan Haji Khairuddin Ahmad	23/23	100
Encik Vaseehar Hassan Abdul Razack	23/23	100
YBhg. Dato' Mohd Salleh Harun	21/23	91
YBhg. Dato' Othman Jusoh	20/23	87
Prof. Balachandran A. Shanmugam ^{(2)*}	19/19	100
Encik Johari Abdul Muid ^{(3)*}	13/17	76
Encik Ismael Fariz Ali ^{(4)*}	5/5	100
YBhg. Dato' Mohamed Khadar Merican ^{(5)*}	-	-

Notes:

(1) Appointed on 27 July 2005

(2) Appointed on 3 March 2005

(3) Appointed on 1 April 2005

(4) Appointed on 10 August 2005

(5) Appointed on 9 January 2006

* Based on the number of meetings held since he was appointed to the Board

Pursuant to the revised BNM/GP1, individual directors must attend 75% of the board meetings held in each financial year. For the year under review, all Directors complied with the attendance requirement as stipulated by BNM.

Scheduled Board meetings are structured with a pre-set agenda. The Board's principal focus amongst others is the overall strategic direction, financial and corporate developments of the Bank. Key matters such as the Bank's business and marketing strategy and budget, annual interim results, material contracts, major capital expenditure and credit policies and guidelines are reserved for the Board's decision.

The Directors are kept abreast of the Bank's performance via the various monthly reports tabled at the Board meetings and Board committee meetings. The reports include the financial reports, major capital expenditure reports, risk reports, IT reports, compliance reports, audit reports and report on major litigation cases. Minutes of meetings of the various committees of the Bank are tabled to the Board for notation. Agenda and Board papers are circulated prior to the Board meetings to give Directors appropriate 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 Secretaries. In addition,

the Directors may also seek independent professional advice, at the Bank's expense, if required. Directors may also consult with the Chairman and other Board members prior to seeking any independent professional advice.

Directors' Training

The members of the Board keep abreast with the relevant developments in banking and finance industry via various conferences, seminars and training programs organised by the Group and other authorities. The topics presented at these programs are wide-ranging and provide the Directors with current updates on various business, management, compliance and legal issues.

Appointment to the Board and Re-election of Directors

The proposed appointment of new board members, as well as re-appointment of the Board members are recommended by the Nominating Committee to the Board for their approval. The appointments are further subject to BNM's approval.

In accordance with the Bank's Articles of Association, one-third (1/3) of the Directors shall retire from office but shall be eligible for re-election at each Annual General Meeting. Directors who are appointed by the Board during the financial period are subject to re-election by the shareholders at the next Annual General Meeting following their appointments.

Directors' Remuneration

The Bank has complied with the recommendation by the Code to determine the remuneration for Directors so as to attract and retain the Directors with the relevant experience and expertise needed to ensure the effective management of the Bank and Group. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned in the Bank and in the Group.

The remuneration of Directors shall be the ultimate responsibility of the full Board after considering recommendations of the Remuneration and Human Resource Committee. The Directors concerned do not participate in decisions on their own remuneration package.

All Non-Executive Directors' fees are subject to the shareholders' approval at the Bank's Annual General Meeting before payment is made.

BOARD COMMITTEES

Audit Committee

The Board has established an Audit Committee since 13 December 1984. The Committee presently comprises two (2) Independent Non-Executive Directors of whom one (1) is the Chairman and one (1) Non-Independent Non-Executive Director, as follows:-

- (1) YBhg. Dato' Mohd Salleh Hj Harun (Chairman)
- (2) Tuan Haji Khairuddin Ahmad
- (3) Prof. Balachandran A. Shanmugam

The Audit Committee meets regularly to review the Bank's and the Group's financial reporting, the nature, scope and results of audit reviews, and the effectiveness of the system of internal controls and compliance. The Head of Finance, internal auditors as well as the external auditors are invited to these meetings as and when necessary.

To ensure the independence and objectivity of the external auditors, the Audit Committee meets with the external auditors without the presence of Executive Board members and management at least once a year. The terms of reference of the Audit Committee are set out in page 46 to page 48 of the Annual Report.

Nominating Committee

The Board has established the Nominating Committee since 5 September 2002. The Committee currently comprises one (1) Independent Non-Executive Director as the Chairman, one (1) Independent Non-Executive Director and three (3) Non-Independent Non-Executive Directors, as follows:-

- (1) YBhg. Dato' Mohd Salleh Hj Harun (Chairman)
- (2) YBhg. Dato' Othman Jusoh
- (3) YBhg. Dato Abdullah Mat Noh
- (4) Prof. Balachandran A. Shanmugam
- (5) Tuan Haji Khairuddin Ahmad

It meets at least once a year and is responsible for assessing the effectiveness of individual Directors, Board as a whole and performance of CEO and key senior management, and identifying, nominating and orientating new Directors to enhance corporate governance.

The Terms of Reference of the Nominating Committee are set out in page 39 to page 43 of the Annual Report.

Remuneration and Human Resource Committee

The Board has established the Remuneration and Human Resource Committee since 4 May 2000. The Committee currently comprises one (1) Independent Non-Executive Director as the Chairman and two (2) Non-Independent Non-Executive Directors, as follows:-

- (1) YBhg. Dato' Mohd Salleh Hj Harun (Chairman)
- (2) Encik Vaseehar Hassan Abdul Razack
- (3) Encik Ismael Fariz Ali

The Committee is responsible to evaluate the performance and remuneration of the directors, CEO and key senior management and to recommend on the policies and framework in relation to rewards and benefits.

The Terms of Reference of the Remuneration and Human Resource Committee are set out in page 39 to page 43 of the Annual Report.

corporate governance statement

Risk Management Committee

The Board has established the Risk Management Committee since 30 January 2001. Currently, the Committee comprises two (2) Independent Non Executive Directors of whom one (1) is the Chairman and two (2) Non-Independent Non-Executive Directors, as follows:-

- (1) YBhg. Dato' Mohd Salleh Hj Harun (Chairman)
- (2) Tuan Haji Khairuddin Ahmad
- (3) YBhg. Dato' Othman Jusoh
- (4) Prof. Balachandran A. Shanmugam

The Committee meets monthly with the objective of assisting the Board in carrying out its responsibilities in relation to managing the Bank's range of inter-related risks in an integrated manner.

The Terms of Reference of the Risk Management Committee are set out in page 39 to page 43 of the Annual Report.

Executive Committee

The Board has established an Executive Committee since 2 August 1984. The Committee currently comprises the Chairman and Deputy Chairman of the Bank, one (1) Independent Non-Executive Director and two (2) Non-Independent Non-Executive Directors, as follows:-

- (1) YBhg. Datuk Azlan Zainol (Chairman)
- (2) YBhg. Dato Abdullah Mat Noh
- (3) Encik Vaseehar Hassan Abdul Razack
- (4) Encik Ismael Fariz Ali
- (5) YBhg. Dato' Mohamed Khadar Merican

It meets monthly and has full authority as delegated by the Board to approve all operational plans and activities of the Bank within the budgets and targets as approved by the Board.

The Terms of Reference of the Executive Committee are set out in page 39 to page 43 of the Annual Report.

Loans Committee

The Board has established the Loans Committee since 4 July 2001. It meets fortnightly and has full authority to affirm, impose additional covenants or veto credits approved by the Credit Committee to ensure adherence to the Bank's credit policies and procedures. Currently, the Committee comprises the Deputy Chairman of the Bank, one (1) Independent Non-Executive Director and three (3) Non-Independent Non-Executive Directors, as follows:-

- (1) YBhg. Dato Abdullah Mat Noh (Chairman)
- (2) Encik Vaseehar Hassan Abdul Razack
- (3) Encik Ismael Fariz Ali
- (4) Encik Johari Abdul Muid
- (5) YBhg. Dato' Mohamed Khadar Merican

The Terms of Reference of the Loans Committee are set out in page 39 to page 43 of the Annual Report.

RELATIONSHIP WITH SHAREHOLDERS

The Board acknowledges the importance for the stakeholders, particularly shareholders to be informed of all material business and corporate matters affecting the Bank and the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to stakeholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee 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 64 of this Annual Report.

Internal Control

The Statement of Internal Control set out on page 44 to page 45 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 activities and role of the Audit Committee in relation to the internal and external auditors is described in the Audit Committee Report are set out in page 46 to page 48 of the Annual Report.

terms of reference of board committees

NOMINATING COMMITTEE

Objectives

1. To provide a formal and transparent procedure for the appointment of directors and chief executive as well as assessment of effectiveness of individual directors, board as a whole and performance of chief executive officer and key senior management officers of RHB Bank and RHB Bank Group.
2. To assist the Board in ensuring that appointments are made on merit against and agreed specification.
3. 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.
4. To examine the size of the Board with a view of determining the impact of the number upon its effectiveness.

Roles and Responsibilities

The nominating committee is responsible for:-

- Establishing minimum requirements for the board i.e.

required mix of skills, experience, qualification and other core competencies required of a director. The committee is also responsible for establishing minimum requirements and criteria should be approved by the full board;

- Recommending and assessing the nominees for directorship, board committee members as well as for the chief executive officer. This includes assessing directors for reappointment, before an application for approval is submitted to Bank Negara Malaysia. The actual decision as to who shall be nominated should be the responsibility of the full board;
- Overseeing the overall composition of the board, in terms of the appropriate size and skills, and the balance between executive directors, non-executive directors and independent directors through annual review;
- Recommending to the board the removal of a director/chief executive officer from the board/management if the director/chief executive officer is ineffective, errant and negligent in discharging his responsibilities;
- Establishing a mechanism for the formal assessment on the effectiveness of the board, the

contribution of the board's various committees and the performance of the chief executive officer and other key senior management officers. Annual assessment should be conducted based on an objective performance criterion. Such performance criteria should be approved by the full board;

- Ensuring that all directors receive an appropriate continuous training program in order to keep abreast with the latest developments in the industry;
- Overseeing the appointment, management succession planning and performance evaluation of key senior management officers;
- Recommending to the board the removal of key senior management officers if they are ineffective, errant and negligent in discharging their responsibilities; and
- Assessing, on an annual basis, that the directors and key senior management officers are not disqualified under section 56 of the Banking and Financial Institutions Act 1989 (BAFIA).

Authority

1. The Committee is authorised by the Board to act within its terms

terms of reference of board committees

of reference, to obtain the resources which it requires including but not limited to obtaining advice from expert advisers, both internal and external, and to have full and unrestricted access to information to enable the Committee to fulfill its objectives.

2. Each and every member of the Committee shall be vested with such power and authority, specific or general, as may from time to time be decided upon by the Board.
3. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

Meetings

1. Meetings shall be held at least once a year with a quorum of three (3) members and at least one (1) member present shall be an independent non-executive director. Additional meetings may be called at the discretion of the Chairman of the Committee.
2. The Committee may invite any other director or members of management and employees of the Company to be in attendance during meetings to assist in its deliberations.
3. Meetings of the Committee shall be governed by the provisions of the Company's Articles of Association relating to Board meetings except in so far as the same are not amended in these terms of reference.
4. The Company Secretary shall be the Secretary of the Committee.

5. Minutes of each Committee meeting shall be kept and distributed to all Committee members. The minutes of the Committee meeting shall be presented at the Board Meeting and the Chairman of the Committee shall report on each Committee meeting to the Board.

Composition

The nominating committee shall consist of a minimum of five members, of whom at least four must be non-executive directors. The committee should be chaired by an independent director. In order to avoid conflict of interest, a member of the committee shall abstain from participating in discussions and decisions on matters involving him.

Disclosure

The activities of the committee and its assessments should be briefly disclosed in the Directors' report of the institution's annual report as follows:-

- Membership of the committee
- Responsibilities of the committee;
- Number of Committee meetings. Licensed institutions are encouraged to disclose information on the number of meetings attended by each member of the committee; and
- A statement on the committee's assessment on the mix of skills, experience and other qualities of directors.

REMUNERATION AND HUMAN RESOURCE COMMITTEE

Objectives

1. To provide a formal and transparent procedure for developing remuneration policy

for directors, chief executive officer and key senior management officers of RHB Bank and RHB Bank Group and ensuring that compensation is competitive and consistent with the RHB Bank Group's culture, objectives and strategy.

2. To recommend to the Board on the policies, strategies and framework for the RHB Bank Group in relation to staff remuneration, rewards and benefits.
3. To oversee and review the scope and quality of human resource projects/programmes of the RHB Bank Group.

Roles and Responsibilities

The remuneration committee is responsible for:-

1. Recommending a framework of remuneration for directors, chief executive officer and key senior management officers for the full board's approval. The remuneration framework should support the licensed institution's culture, objectives and strategy and should reflect the responsibilities and commitment, which goes with board membership and responsibilities of the chief executive officer and senior management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain directors of calibre, and yet not excessive remuneration packages. The framework should cover all aspects of remuneration including director's fee, salaries, allowance, bonuses, options and benefit-in-kind.
2. Recommending specific remuneration packages for

executive directors and the chief executive officer. The remuneration package should be structured such that it is competitive and consistent with the licensed institution's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependant on short-term performance to avoid incentives for excessive risk-taking. As for non-executive directors and independent directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the board.

3. To recommend to the Board the remuneration of the Chief Internal Auditor, Head of Risk Management, Head of Compliance, any other special positions and members of the senior management team.
4. To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of executive directors, management and staff.
5. To review the succession planning programme and leadership framework.
6. To review and assess the effectiveness of the HR Division in supporting the organisation.
7. To perform any other functions as defined by the Board.

Authority

1. The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information.

2. The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

Meetings

1. The committee shall meet at least four times a year. Additional meetings are to be held as and when necessary.
2. The full committee shall meet at least once a year to review the remuneration packages of the directors, chief executive officer and key senior management officers of RHB Bank and RHB Bank Group.
3. Minutes of each meeting shall be kept and distributed to all members of the Human Resource Committee. The Chairman of the Committee shall report on each meeting to the Board.
4. The Secretary to the Committee shall be the Bank's Company Secretary.

Composition

The remuneration committee shall comprise only non-executive directors, with at least three members and should be chaired by an independent director. In order to avoid conflict of interest, a member of the committee shall abstain from participating in discussions and decisions on matters involving him.

Disclosure

The activities of the committee should be briefly disclosed in the Directors' report of the institution's annual report as follows:-

- Membership of the committee;
- Responsibilities of the committee; and

- Number of committee meetings. Licensed institutions are encouraged to disclose information on the number of meetings attended by each member of the committee.

RISK MANAGEMENT COMMITTEE

Objective

To oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process of RHB Bank and the RHB Bank Group is in place and functioning.

Roles and Responsibilities

The risk management committee is responsible for:-

- Reviewing and recommending risk management strategies, policies and risk tolerance for board's approval;
- Reviewing and assessing adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- Ensuring infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institutions' risk taking activities; and
- Reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

terms of reference of board committees

- To review and in consultation and concurrence of the Loans Committee, recommend the following to the Board for approval:-
 - a) delegation of discretionary powers which represents the maximum discretion which the Board is prepared to vest to any single individual or committee.
 - b) procedures for the delegation and monitoring of discretionary lending authority given to (a) above.

The committee should hold regular meetings, at least once every quarter and should report regularly to the full board.

Composition

The risk management committee should comprise only non-executive directors with at least three members. The committee should be chaired by an independent director.

Meetings

1. The committee shall meet monthly.
2. The Secretary of the committee shall be the Bank's Company Secretary.
3. Minutes of each meeting shall be kept and distributed to all members of the Risk Management Committee.

Disclosure

The activities of the committee should be briefly disclosed in the Directors' report of the institution's annual report as follows:

- Membership of the committee;
- Responsibilities of the committee;

- Number of committee meeting. Licensed institutions are encouraged to disclose information on the number of meetings attended by each member of the committee; and
- A statement on the licensed institution's risk management framework.

EXECUTIVE COMMITTEE

Objectives

1. To assist the Board to set and formulate strategic business directions of the Bank and its Subsidiaries.
2. To assist the Board to set annual budgets on operational expenditure and capital expenditure and to set annual profit targets.
3. To assist the Board in its review of the performance and business efficiency of the Bank and its Subsidiaries.

Duties and Responsibilities

1. To review the Bank's financial and operation performance against budget and three-year business plan (to include Subsidiaries' Financial Performance).
2. To review policy and strategic direction and guidance on operational matters and to recommend major changes to previous approvals on the same to the Board.
3. To consider operational expenditure and capital expenditure that have been budgeted but are above the Chief Executive Officer's approval limit.

4. To schedule, define and prioritise Business, Product, Technology and Programme Reviews to be presented to the Board.

Authority

Full authority as delegated by the Board to approve all operational plans and activities of the Bank within the budgets and targets previously approved by the Board.

Meetings

1. The meetings shall be held monthly or as and when necessary with a quorum of three (3) members.
2. The minutes shall be kept and distributed to all members of the committee and tabled to the Board.
3. The Secretary to the committee shall be the Bank's Company Secretary.

Agenda

- I. Financials
 - Performance vs Budget
 - Prospects and Business Development
 - Performance vs 3-year Business Plan
- II. Business
 - Issues and Action Plans concerning Key Bank Business Units and Subsidiaries.
- III. Support Functions
 - Technology
 - Risk Management
 - Operations
 - Others as required

LOANS COMMITTEE

APPOINTED BY	:	Board of Directors of RHB Bank Berhad
MEMBERS	:	Not less than 4 members.
CHAIRMAN	:	The Chairman of the Loans Committee shall be appointed by the Board
ALTERNATE CHAIRMAN	:	Any one of the Non-Executive directors
BY INVITATION	:	Chief Executive Officer Chief Operating Officer Executive Director for Japanese Business Chief Credit Officer Chief Risk Officer (Standing instruction for policy input) Head, Islamic Banking Division Head, Corporate Banking Division Head, Commercial Banking Division Head, Loan Recovery Division Head, Treasury Division Head, Legal Department Presenters
QUORUM	:	Three members of the Committee.
DECISION	:	By majority vote, dissenting votes to be recorded. All credit applications must be accompanied by a full evaluation and recommendation by the Chief Credit Officer and Credit Committee.
FREQUENCY OF MEETINGS	:	Twice a month or as and when necessary.
SECRETARY	:	Company Secretary.

Objectives

1. To affirm, impose additional covenants or veto credits for amounts above RM 250 Million to RM 1 Billion approved by Credit Committee.
2. To ensure that credits approved by Credit Committee adhere to the Bank's Credit Policy and procedures.
3. To periodically review and monitor the following: -
 - a. Compliance with approved policies, procedures and directives;
 - b. Adequacy and effectiveness of the Bank's credit risk grading system;
 - c. Overall quality of the Bank's credit portfolio,

outstanding and committed;

- d. The Bank's concentration of risk by:
 - customer or customer group;
 - geographical units;
 - industry;
 - security type; and
 - credit risk grade.

2. To review and monitor to ensure that the Bank is adhering to the following:-

- a. The Bank's approved credit policies and practices;
- b. Industry best practices is maintained; and
- c. That resources and mechanisms are in place such that the number and amount of sub-standard and non-performing assets are minimised and maintained within acceptable levels set by the Board.

Responsibilities

1. To affirm, impose additional covenants or veto credit applications and renewals approved by the Credit Committee exceeding RM250 Million and up to RM 1 Billion subject to the Single Customer and Single Group Exposure limits specified in the Credit Policy document.
3. To ensure that Management adequately address issues raised by Group Audit, external auditors and Bank Negara Malaysia Auditors relating to credit matters.

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 Revamped 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.

Although the Bank is not a listed company, the Board has endeavoured to prepare its Internal Control Statement 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.

The Board has established a Risk Management Committee since 30 January 2001 to further strengthen the Group's risk management process. The Risk Management Committee meets regularly with the objective of assisting the Board in carrying out its responsibilities in relation to managing the Group's range of inter-related risks in an integrated manner.

A Risk Management Division has also been established to assist the Risk Management Committee in discharging its duties.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- The management of the various companies in the Group is delegated to the respective chief executive officer, whose role and responsibilities and authority limits are set by the respective Board. Appointment of such officers at the companies concerned requires the approval of their respective Board;
- 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;
- There is clear procedure for investment appraisal, including equity investment or divestment and 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 plan approved by the Audit Committee. The head of internal audit function reports to the Audit Committee;
- The Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement by both the internal and external auditors on the state of the internal control system. The minutes of the Audit Committee meetings are tabled to the Board;
- The Bank has in place its Management Audit Committee (MAC), comprising of senior management, that meets regularly to act on the Bank Negara Malaysia (BNM), Internal and External Auditors and other regulatory bodies' findings and lapses of the RHB Bank Berhad Group. The minutes of MAC meetings are tabled to the Audit Committee; and
- The Bank has set up its Compliance Division to centrally manage and provide assurance to the Management that the Bank's activities are in compliance with internal and external requirements and key controls.

audit committee report

During the financial year ended 31 December 2005 ("year"), a total of 15 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
Current Members	
1. Dato' Mohd Salleh Hj Harun <i>(Chairman / Independent Non-Executive Director)</i>	15 out of 15 meetings
2. Tuan Haji Khairuddin Ahmad <i>(Member / Non-Independent Non-Executive Director)</i>	14 out of 15 meetings
3. Prof. Balachandran a/l A. Shanmugam <i>(Member / Independent Non-Executive Director)</i> – Appointed on 16/3/2005	12 out of 12 meetings
Previous Member	
4. Dato' Othman Jusoh <i>(Member / Non-Independent Non-Executive Director)</i> – Resigned on 16/3/2005	1 out of 3 meetings

The Committee reviewed the scope and adequacy of the internal audit plans, including resource needs. It also reviewed the results of the risk-based audit work carried out by the internal auditors and the status of completion of the internal audit plans on all relevant companies of the Group. Where necessary, the Committee directed actions to be taken by management to rectify and improve the system of internal controls and procedures. During the financial year ended 31 December 2005, all internal audit reports were tabled to the Committee.

On 16 March 2005, Prof. Balachandran a/l A. Shanmugam, an Independent Non-Executive Director, was appointed as a member of the Committee in place of YBhg Dato' Othman Jusoh who has resigned as a member of the Committee on the same day.

The Committee reviewed the unaudited quarterly and half-year results, and the audited financial statements of the Bank and the Group prior to their approval by the Board. It also reviewed the new accounting standards applicable in the preparation of the consolidated financial statements.

The Committee reviewed the related party transactions ("RPTs") and the adequacy of the Group's procedures for monitoring and reviewing of RPTs.

The Committee reviewed with the external auditors, the nature and scope of their engagement and audit plan, their fees as well as the findings emanating from their examination of the annual financial statements. It also considered the reappointment of the external auditors for recommendation to the Board and the shareholders for their approval.

The Committee reviewed the inspection and examination reports issued by the regulatory authorities and the appropriate remedial actions taken in respect of any findings. The Committee also satisfied itself that all matters highlighted in these reports have been adequately and promptly addressed by management.

The Chairman of the Committee tabled the minutes of each Committee meeting to the Board for noting, and for further action by the Board, where necessary.

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 Committee approves the annual internal audit plans at the beginning of each financial year. 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.

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 management. All audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to 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 management.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

1. To review the financial condition and performance of RHB Bank and its subsidiaries of RHB Bank.
2. To review the adequacy and integrity of RHB Bank and the RHB Bank group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
3. To review the findings of the internal auditors, and to recommend appropriate remedial action.
4. To reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process and to provide, by way of regular meetings, a line of communication between the Board and the external auditors.

Primary Responsibilities

1. Ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against

contingencies, and bad and doubtful debts. Review the balance sheet and profit and loss account for submission to the full board of directors and ensure the prompt publication of annual accounts;

2. Review internal controls, including the scope of the internal audit programme, the internal audit findings, and recommend action to be taken by management. The reports of internal auditors and AC should not be subject to the clearance of the chief executive or executive directors. The AC should also evaluate the performance and decide on the remuneration package of the internal auditors;
3. Review with the external auditors, the scope of their audit plan, the system of internal accounting controls, the audit reports, the assistance given by the management and its staff to the auditors and any findings and action to be taken. The AC should also select external auditors for appointment by the board each year; and
4. Review any related party transactions that may arise within the RHB Bank Group.

audit committee report

Authority

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.
2. The Committee shall have direct communication channels with the external and internal auditors.
3. The Committee is authorised by the Board to obtain independent professional or other advice at the Bank's or RHB Bank Group's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.

Meetings

1. Meetings shall be held at least four (4) times a year with a 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 Bank's 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.

Composition

1. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, none of whom should be full-time executives of

RHB Bank or the RHB Bank Group. The majority of the AC members should be 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. 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.
5. 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 Bank, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and of the Bank present a true and fair view of the state of affairs of the Group and of the Bank as of the end of the financial year and the results and cash flows for the 12 months then ended.

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

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 preparation 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 Bank 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 in page 164 of the audited financial statements.

statutory financial statements

directors' report	51
balance sheets	65
income statements	66
statements of changes in shareholders' equity	67
consolidated cash flow statements	69
cash flow statements	71
summary of significant accounting policies	73
notes to the financial statements	83
statement by directors	164
statutory declaration	164
auditors' report	165

directors' report

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

RHB Bank Berhad ('the Bank') is principally engaged in all aspects of banking business and in the provision of related services.

The principal activities of the Bank's subsidiaries consist of finance business, leasing, offshore banking, nominee services and property investment. With the set up of a wholly owned subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank') on 16 March 2005, the Islamic banking business is now being conducted by this subsidiary.

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

RESULTS

	Group RM'000	Bank RM'000
Profit before INCPS dividends, zakat and taxation	624,283	478,330
INCPS dividends	(136,842)	(136,842)
Profit after INCPS dividends but before zakat and taxation	487,441	341,488
Zakat	(921)	–
Share of tax of an associate	(228)	–
Taxation	(108,555)	(71,686)
Net profit for the financial year	377,737	269,802
Transfer to statutory reserves	(146,027)	(134,901)
Net profit after transfer to statutory reserves	231,710	134,901
Retained profit brought forward	710,011	619,671
Profit available for distribution	941,721	754,572
Ordinary dividends paid: – 31 December 2005	(161,459)	(161,459)
Retained profit carried forward	780,262	593,113

directors' report (continued)

ORDINARY SHARES DIVIDENDS

The dividends proposed and paid by the Bank since 31 December 2004 were as follows:-

	RM'000
In respect of previous financial period	
Ordinary shares	
Final dividend of 6.0% less tax	84,240
In respect of current financial year	
Ordinary shares	
First interim dividend of 5.5% less tax	77,219
	<hr/>
	161,459

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial year of 4.1% less tax amounting to RM57.56 million will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006 when approved by the shareholders.

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

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

	RM'000
First semi-annual dividend of 5% less tax paid on 31 May 2005	49,117
	<hr/>
Second semi-annual dividend of 5% less tax paid on 30 November 2005	49,386
	<hr/>

RESERVES AND PROVISIONS

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

NON-PERFORMING DEBTS AND FINANCING

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

The Group and the Bank's allowance for non-performing debts and financing is in conformity with the minimum requirements of BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (GP3)', which is deemed as in conformity with the requirement on the allowance for loan impairment under the revised BNM/GP8.

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 allowance for non-performing debts in the financial statements of the Group and the Bank inadequate to any substantial extent.

directors' report (continued)

CURRENT ASSETS

Before the financial statements of the Group and the Bank 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 Bank, 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 Bank misleading.

VALUATION METHODS

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 Bank 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 or the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group or the Bank 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 Bank to meet their obligations as and when they fall due.

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 or the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the Group and the Bank 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 Bank for the financial year in which this report is made.

directors' report (continued)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 41 to the financial statements.

DIRECTORS OF THE BANK

The directors of the Bank who have held office since the date of the last report are:

Datuk Azlan Zainol	Non-Executive Chairman (appointed on 27 July 2005)
Dato Abdullah Mat Noh	Non-Executive Deputy Chairman
Tuan Haji Khairuddin Ahmad	Non-Independent Non-Executive Director
Vaseehar Hassan Abdul Razack	Non-Independent Non-Executive Director
Dato' Mohd Salleh Haji Harun	Independent Non-Executive Director
Dato' Othman Jusoh	Non-Independent Non-Executive Director
Prof Balachandran A. Shanmugam	Independent Non-Executive Director (appointed on 3 March 2005)
Johari Abdul Muid	Non-Independent Non-Executive Director (appointed on 1 April 2005)
Ismael Fariz Ali	Non-Independent Non-Executive Director (appointed on 10 August 2005)
Dato' Mohamed Khadar Merican	Independent Non-Executive Director (appointed on 9 January 2006)
Dato' Ali Hassan	Resigned on 3 June 2005
Dato Sri Sulaiman Abdul Rahman Taib	Ceased on 21 June 2005, pending approval from Bank Negara Malaysia on his re-appointment
Dato' Abdul Rashid Ahmad	Resigned on 6 July 2005
Akira Miyama	Retired on 1 October 2005

In accordance with Article 100 of the Bank's Articles of Association, Dato Abdullah Mat Noh and Encik Vaseehar Hassan Abdul Razack retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 104 of the Bank's Articles of Association, Encik Johari Abdul Muid, Datuk Azlan Zainol, Encik Ismael Fariz Ali and Dato' Mohamed Khadar Merican who are appointed during the financial year, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

directors' report (continued)

DIRECTORS' INTERESTS IN SECURITIES

According to the register of directors' shareholding, the interests of the directors in office as at 31 December 2005 in the securities of related corporations were as follows:

	Number of Ordinary Shares of RM1.00 each			
	As at 1.1.2005	Bought	Sold	As at 31.12.2005
Ultimate Holding Company				
Rashid Hussain Berhad				
Vaseehar Hassan Abdul Razack – Indirect ¹	238,127,000	–	–	238,127,000
Holding Company				
RHB Capital Berhad				
Tuan Haji Khairuddin Ahmad – Direct	15,000	–	–	15,000
Vaseehar Hassan Abdul Razack – Indirect ²	1,182,896,459	–	–	1,182,896,459
Dato' Mohd Salleh Haji Harun – Direct	15,000	–	–	15,000
	Number of Warrants 1997/2007			
	As at 1.1.2005	Bought	Sold	As at 31.12.2005
Ultimate Holding Company				
Rashid Hussain Berhad				
Tuan Haji Khairuddin Ahmad – Indirect ³	3,000	–	–	3,000

Each warrant of Rashid Hussain Berhad ('Warrants 1997/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time within a period of four and three quarter (4 3/4) years from the date of issue on 25 June 1997 at an exercise price of RM18.30 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 25 June 1997. Pursuant to a Supplemental Deed Poll dated 23 June 1999, the exercise period of the Warrants 1997/2002 has been extended by five (5) years to expire on 24 March 2007 and the Warrants 1997/2002 are now known as Warrants 1997/2007.

directors' report (continued)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

	Number of Warrants 1999/2009			
	As at 1.1.2005	Bought	Sold	As at 31.12.2005
Ultimate Holding Company Rashid Hussain Berhad				
Tuan Haji Khairuddin Ahmad – Direct	5,000	–	–	5,000

Each warrant of Rashid Hussain Berhad ('Warrants 1999/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad at any time from the date of issue on 17 August 1999 at an initial exercise price of RM4.35 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 23 June 1999. Pursuant to a Supplemental Deed Poll dated 20 March 2002, the exercise period of the Warrants 1999/2002 has been extended by approximately seven (7) years to expire on 16 August 2009 and the Warrants 1999/2002 are now known as Warrants 1999/2009.

	Number of Warrants 2001/2007			
	As at 1.1.2005	Bought	Sold	As at 31.12.2005
Ultimate Holding Company Rashid Hussain Berhad				
Tuan Haji Khairuddin Ahmad – Indirect ³	13,000	–	–	13,000
Vaseehar Hassan Abdul Razack – Indirect ¹	8,000,000	–	–	8,000,000

Each warrant of Rashid Hussain Berhad ('Warrants 2001/2002') entitles the registered holder to subscribe for one new ordinary share of RM1.00 each in Rashid Hussain Berhad 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)

	Nominal Amount (RM) of 2002/2012			
	—0.5% Irredeemable Convertible Unsecured Loan Stocks— of RM1 each nominal value ('RHB ICULS-A')			
	As at 1.1.2005	Bought	Converted/ Sold	As at 31.12.2005
Ultimate Holding Company Rashid Hussain Berhad				
Vaseehar Hassan Abdul Razack – Indirect ¹	449,206,479	–	–	449,206,479

Each RHB ICULS-A entitles the registered holder to convert the RHB ICULS-A into one (1) new ordinary share of RM1.00 each in Rashid Hussain Berhad ('New Share') 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 equal to the Conversion Price.

	Nominal Amount (RM) of 2002/2012			
	—3.0% Irredeemable Convertible Unsecured Loan Stocks— of RM1 each nominal value ('RHB ICULS-B')			
	As at 1.1.2005	Bought	Converted/ Sold	As at 31.12.2005
Ultimate Holding Company Rashid Hussain Berhad				
Vaseehar Hassan Abdul Razack – Indirect ¹	403,471,898	–	–	403,471,898

Each RHB ICULS-B entitles the registered holder to convert the RHB ICULS-B into one (1) new ordinary share of RM1.00 each in Rashid Hussain Berhad ('New Share') 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 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 Utama Banking Group Berhad ('UBG'), a substantial shareholder of Rashid Hussain Berhad.
2. Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his indirect substantial interest in Rashid Hussain Berhad.
3. The indirect interest is held through family members.

directors' report (continued)

DIRECTORS' INTERESTS IN SECURITIES (CONTINUED)

By virtue of his indirect substantial interests in the shares of Rashid Hussain Berhad ('RHB'), Vaseehar Hassan Abdul Razack is also deemed to have an indirect substantial interest in the securities of the Bank and the subsidiary companies 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 shares of the Bank or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Bank 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.

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

DISCLOSURE OF COMMITTEES

NOMINATING COMMITTEE

A Nomination Committee was established on 5 September 2002 which was renamed as Nominating Committee on 28 August 2003. During the financial year ended 31 December 2005, a total of 5 meetings were held. The Nominating Committee comprises the following members and details of attendance of each member at the Nominating Committee meetings held during the year as at 31 December 2005 are as follows:-

Composition of the Nominating Committee	Attendance at the committee meetings
Current Members:	
1. Dato' Mohd Salleh Haji Harun (Chairman/Independent Non-Executive Director)	5 out of 5 meetings
2. Dato Abdullah Mat Noh (Member/Non-Independent Non-Executive Director)	5 out of 5 meetings
3. Dato' Othman Jusoh (Member/Non-Independent Non-Executive Director)	4 out of 5 meetings
4. Prof Balachandran A. Shanmugam (Member/Independent Non-Executive Director) – Appointed on 3 June 2005	3 out of 3 meetings
5. Tuan Haji Khairuddin Ahmad (Member/Non-Independent Non-Executive Director) – Appointed on 24 June 2005	3 out of 3 meetings

directors' report (continued)

DISCLOSURE OF COMMITTEES (CONTINUED)

NOMINATING COMMITTEE (CONTINUED)

Composition of the Nominating Committee

Attendance at the committee meetings

Previous Members:

- | | |
|---|---------------------|
| 6. Dato' Ali Hassan
(Member/Non-Independent Non-Executive Director)
– Resigned on 3 June 2005 | 1 out of 2 meetings |
| 7. Dato Sri Sulaiman Abdul Rahman Taib
(Member/Non-Independent Non-Executive Director)
– Ceased on 21 June 2005 | 0 out of 2 meetings |

The Nominating Committee is responsible for assessing existing directors and identifying, nominating and orientating new directors to enhance corporate governance.

The directors bring together to the Board a wide range of business management skills and banking, financial and legal experience required for the management of a large, diversified and expanding Group.

REMUNERATION AND HUMAN RESOURCE COMMITTEE

The Human Resource Committee was established on 4 May 2000 which was renamed as the Remuneration and Human Resource Committee on 28 August 2003. During the financial year ended 31 December 2005, a total of 6 meetings were held. The Remuneration and Human Resource Committee comprises the following members and details of attendance of each member at the Remuneration and Human Resource Committee meetings held during the year as at 31 December 2005 are as follows:-

Composition of the Remuneration and Human Resource Committee

Attendance at the committee meetings

Current Members:

- | | |
|---|---------------------|
| 1. Dato' Mohd Salleh Haji Harun
(Chairman/Independent Non-Executive Director) | 6 out of 6 meetings |
| 2. Encik Vaseehar Hassan Abdul Razack
(Member/Non-Independent Non-Executive Director) | 6 out of 6 meetings |
| 3. Encik Ismael Fariz Ali
(Member/Non-Independent Non-Executive Director)
– Appointed on 10 August 2005 | 4 out of 4 meetings |

directors' report (continued)

DISCLOSURE OF COMMITTEES (CONTINUED)

REMUNERATION AND HUMAN RESOURCE COMMITTEE (CONTINUED)

Composition of the Remuneration and Human Resource Committee	Attendance at the committee meetings
Previous Members:	
4. Dato Sri Sulaiman Abdul Rahman Taib (Member/Non-Independent Non-Executive Director) – Ceased on 21 June 2005	2 out of 2 meetings
5. Dato' Abdul Rashid Ahmad (Member/Non-Independent Non-Executive Director) – Resigned on 6 July 2005	2 out of 2 meetings

The Remuneration and Human Resource Committee is responsible to evaluate the performance and remuneration of the directors and senior management and to recommend on the policies and framework in relation to rewards and benefits.

RISK MANAGEMENT COMMITTEE

A Risk Management Committee was established on 30 January 2001. During the financial year ended 31 December 2005, a total of 13 meetings were held. The Risk Management Committee comprises the following members and details of attendance of each member at the Risk Management Committee meetings held during the year as at 31 December 2005 are as follows:-

Composition of the Risk Management Committee	Attendance at the Committee meetings
Current Members:	
1. Dato' Mohd Salleh Haji Harun (Chairman/Independent Non-Executive Director)	13 out of 13 meetings
2. Dato' Othman Jusoh (Member/Non-Independent Non-Executive Director)	12 out of 13 meetings
3. Tuan Haji Khairuddin Ahmad (Member/Non-Independent Non-Executive Director)	13 out of 13 meetings
4. Prof Balachandran A. Shanmugam (Member/Independent Non-Executive Director) – Appointed on 3 March 2005	10 out of 10 meetings

The Risk Management Committee is responsible to provide oversight and management of all risks in the Bank and to ensure that there is an ongoing process to continuously manage the Bank's risks proactively.

A Statement on the Bank's Risk Management Framework is set out in Note 37 to the financial statements for the financial year ended 31 December 2005.

directors' report (continued)

HOLDING AND ULTIMATE HOLDING COMPANY

The directors regard RHB Capital Berhad and Rashid Hussain Berhad, both companies incorporated in Malaysia, as the holding and ultimate holding company respectively.

2006 BUSINESS PLAN AND OUTLOOK

The Bank continues to focus on product innovation and customer segmentation to better serve and meet customers' needs. The merger of RHB Delta Finance Berhad into the Bank effective 1 January 2006 will provide further opportunities to better serve customers. The physical delivery channel network will be realigned and repositioned based on market opportunities and customer segmentation. On the technology front, the Bank's objective is to provide a cost effective IT operating platform to support the Bank's business initiatives that emphasizes system availability, flexibility and scalability. Risk management will continue to be a critical aspect of the Bank's operations as the Bank targets to comply with Basel II's Standardised Approach by 2007. The Bank is well positioned to adapt to the challenges faced in an outlook where interest rates could be rising and where the management of its cost of funds is of strategic importance.

RATINGS ACCORDED BY THE RATING AGENCIES

During the financial year, the Bank was rated by the following external rating agencies:

Agencies	Date Accorded	Ratings
Rating Agency Malaysia Berhad	22 December 2005	Long Term Rating - AA3 Short Term Rating - P1 Subordinated Bonds Rating - A1
Standard & Poor's	28 September 2005	Long Term Counterparty Credit Rating - BBB Short Term Counterparty Credit Rating - A2 Subordinated Bonds Rating - BBB- Bank Fundamental Strength Rating - C
Moody's Investors Service	24 June 2005	Long Term Bank Deposits Rating - A3 Short Term Bank Deposits Rating - P-1 Subordinated Debt Rating - Baa1 Bank Financial Strength - D
Fitch Ratings	2 June 2005	Long Term Senior Foreign Currency Rating - BBB Subordinated Notes Rating - BBB- Individual Rating - C/D Support Rating - 2

directors' report (continued)

DESCRIPTION OF THE RATING ACCORDED

Rating Agency Malaysia Berhad

Long term rating (Financial institutions)

AA Financial Institution ("FIs") rated in this category are adjudged to offer high safety for timely payments of financial obligations. This level of rating indicates corporate entities with sound credit profiles and without significant problems. Entities rated in this category are, however, considered to be somewhat more vulnerable to adverse changes in economic conditions than those entities rated in the highest category.

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 FI ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the FI ranks at the lower end of its generic rating category.

Short term rating (Financial institutions)

P1 FIs in this category have superior capacities for timely payments of obligations.

Long term rating (RM subordinated bonds)

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.

Standard and Poor's

Long term issuer credit rating

BBB An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

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

Short term issuer credit rating

A-2 An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

Long term issue credit rating (USD subordinated debt)

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.

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

directors' report (continued)

DESCRIPTION OF THE RATING ACCORDED (CONTINUED)

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.

Moody’s Investors Service

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.

Note:

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.

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.

Long term obligation rating (USD subordinated debt)

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

Note:

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 obligation ranks in the higher end of its letter-rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of its generic rating category.

Bank financial strength rating (“BFSR”)

- 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.

directors' report (continued)

DESCRIPTION OF THE RATING ACCORDED (CONTINUED)

Fitch Ratings

Long term foreign currency credit rating (Bank and USD subordinated debt)

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 the 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'.

Bank individual rating

C An adequate bank, which, however, possesses one or more troublesome aspects. There may be 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, substance and resilience, 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.

Notes:

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

Bank 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.

In accordance with the resolution of the Board of Directors dated 27 February 2006.

AZLAN ZAINOL
NON-EXECUTIVE CHAIRMAN

ABDULLAH MAT NOH
NON-EXECUTIVE DEPUTY CHAIRMAN

Kuala Lumpur

balance sheets

as at 31 December 2005

	Note	Group		Bank	
		31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
ASSETS					
Cash and short-term funds	2	10,790,936	11,999,653	12,539,401	11,925,427
Securities purchased under resale agreements		2,219,491	40,458	2,219,491	40,458
Deposits and placements with banks and other financial institutions	3	2,431,491	496,425	1,981,441	705,029
Securities held for trading	4	1,761,937	933,079	890,492	709,540
Securities available-for-sale	5	1,895,580	6,389,918	1,726,819	6,345,122
Securities held-to-maturity	6	14,078,589	10,619,392	12,843,807	10,140,696
Loans, advances and financing	7	47,634,111	43,105,003	37,090,808	37,607,363
Other assets	8	430,409	262,375	689,033	246,148
Tax recoverable		17,449	26,831	–	18,098
Deferred taxation assets	9	240,038	204,175	171,138	168,343
Statutory deposits	10	1,619,025	1,334,725	1,233,745	1,200,634
Investment in subsidiaries	11	–	–	1,389,849	792,488
Investment in an associate	12	4,198	4,601	–	–
Property, plant and equipment	13	628,239	665,812	486,433	527,827
Goodwill	14	1,004,017	1,004,955	892,012	892,950
TOTAL ASSETS		84,755,510	77,087,402	74,154,469	71,320,123
LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY					
Deposits from customers	15	48,704,834	48,981,185	40,844,274	45,047,959
Deposits and placements of banks and other financial institutions	16	10,597,657	6,640,593	9,770,738	6,504,493
Obligations on securities sold under repurchase agreements		10,329,421	7,500,949	10,341,624	7,462,949
Bills and acceptances payable		3,313,060	2,624,179	3,279,024	2,624,179
Recourse obligation on loans sold to Cagamas Berhad		3,356,992	3,366,851	2,006,549	2,038,312
Other liabilities	17	1,363,876	1,127,820	1,074,223	940,717
Provision for taxation and zakat		19,214	261	15,675	–
Deferred taxation liabilities	9	8	22	–	–
Subordinated obligations	18	1,365,252	1,368,080	1,365,252	1,368,080
		79,050,314	71,609,940	68,697,359	65,986,689
Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS')	19	1,368,099	1,368,099	1,368,099	1,368,099
		80,418,413	72,978,039	70,065,458	67,354,788
Ordinary share capital	20	1,949,986	1,949,986	1,949,986	1,949,986
Reserves	21	2,387,111	2,159,377	2,139,025	2,015,349
Shareholders' equity		4,337,097	4,109,363	4,089,011	3,965,335
TOTAL LIABILITIES, INCPS AND SHAREHOLDERS' EQUITY		84,755,510	77,087,402	74,154,469	71,320,123
COMMITMENTS AND CONTINGENCIES	34	40,364,815	41,285,480	37,682,648	40,353,377

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		Bank	
		12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Interest income	22	3,288,689	4,129,776	2,824,271	3,633,853
Interest expense	23	(1,689,894)	(2,105,408)	(1,519,198)	(1,935,140)
Net interest income		1,598,795	2,024,368	1,305,073	1,698,713
Other operating income	24	532,159	665,537	548,469	710,504
		2,130,954	2,689,905	1,853,542	2,409,217
Income from Islamic banking business	43	147,635	197,068	23,685	196,710
Net income		2,278,589	2,886,973	1,877,227	2,605,927
Other operating expenses	25	(1,075,487)	(1,440,021)	(901,950)	(1,338,449)
Operating profit		1,203,102	1,446,952	975,277	1,267,478
Allowance for losses on loans and financing	27	(495,072)	(698,996)	(403,043)	(656,401)
Allowance for impairment losses	28	(84,289)	(19,499)	(93,904)	(16,577)
		623,741	728,457	478,330	594,500
Share of results of an associate		542	2,702	–	–
Profit before INCPS dividends, zakat and taxation		624,283	731,159	478,330	594,500
INCPS dividends	29	(136,842)	(189,082)	(136,842)	(189,082)
Profit after INCPS dividends but before zakat and taxation		487,441	542,077	341,488	405,418
Zakat		(921)	(3)	–	–
Share of tax of an associate		(228)	(802)	–	–
Taxation	30	(108,555)	(110,724)	(71,686)	(97,876)
Net profit for the financial year/period		377,737	430,548	269,802	307,542
Earning per ordinary share					
– Basic earnings per 50 sen share	31	9.7 sen	11.0 sen	6.9 sen	7.9 sen
Ordinary dividend per 50 sen share less income tax	32	3.5 sen	4.1 sen	3.5 sen	4.1 sen

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

statement of changes in shareholders' equity

for the financial year ended 31 December 2005

GROUP	Note	Share Capital RM'000	Share Premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	Distributable		Total RM'000
						AFS reserves RM'000	Retained profits RM'000	
Balance as at 31.12.2004								
– as previously reported		1,949,986	8,563	1,445,168	11,854	–	710,157	4,125,728
– prior year adjustments	42	–	–	5,201	–	(21,420)	(146)	(16,365)
As restated		1,949,986	8,563	1,450,369	11,854	(21,420)	710,011	4,109,363
Currency translation differences		–	–	–	(15,106)	–	–	(15,106)
Net profit for the financial year		–	–	–	–	–	377,737	377,737
Transfer to statutory reserves		–	–	146,027	–	–	(146,027)	–
Unrealised net gain/(loss) on revaluation of securities available-for-sale		–	–	–	–	(25,241)	–	(25,241)
Net (gain) on disposal or impairment transferred to income statement		–	–	–	–	63,527	–	63,527
Deferred tax		–	–	–	–	(11,724)	–	(11,724)
Ordinary dividends paid during the year		–	–	–	–	–	(161,459)	(161,459)
Balance as at 31.12.2005		1,949,986	8,563	1,596,396	(3,252)	5,142	780,262	4,337,097
Balance as at 30.6.2003								
– as previously reported		1,949,986	8,563	1,249,793	(9,625)	–	593,296	3,792,013
– prior year adjustments	42	–	–	5,201	–	(7,320)	23,766	21,647
As restated		1,949,986	8,563	1,254,994	(9,625)	(7,320)	617,062	3,813,660
Currency translation differences		–	–	–	21,479	–	–	21,479
Net profit for the financial period		–	–	–	–	–	430,548	430,548
Transfer to statutory reserves		–	–	195,375	–	–	(195,375)	–
Unrealised net gain/(loss) on revaluation of securities available-for-sale		–	–	–	–	33,591	–	33,591
Net (gain) on disposal or impairment transferred to income statement		–	–	–	–	(47,934)	–	(47,934)
Deferred tax		–	–	–	–	243	–	243
Ordinary dividends paid during the period		–	–	–	–	–	(142,224)	(142,224)
Balance as at 31.12.2004		1,949,986	8,563	1,450,369	11,854	(21,420)	710,011	4,109,363

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

statement of changes in shareholders' equity

for the financial year ended 31 December 2005 (continued)

BANK	Note	← Non-distributable →				→ Distributable		Total RM'000
		Share Capital RM'000	Share Premium RM'000	Statutory reserves RM'000	Translation reserves RM'000	AFS reserves RM'000	Retained profits RM'000	
Balance as at 31.12.2004								
– as previously reported		1,949,986	8,563	1,389,455	14,424	–	630,039	3,992,467
– prior year adjustments	42	–	–	5,201	–	(21,965)	(10,368)	(27,132)
As restated		1,949,986	8,563	1,394,656	14,424	(21,965)	619,671	3,965,335
Currency translation differences		–	–	–	(14,712)	–	–	(14,712)
Net profit for the financial year		–	–	–	–	–	269,802	269,802
Transfer to statutory reserves		–	–	134,901	–	–	(134,901)	–
Unrealised net gain/(loss) on revaluation of securities available-for-sale		–	–	–	–	(21,649)	–	(21,649)
Net (gain) on disposal or impairment transferred to income statement		–	–	–	–	63,378	–	63,378
Deferred tax		–	–	–	–	(11,684)	–	(11,684)
Ordinary dividends paid during the year		–	–	–	–	–	(161,459)	(161,459)
Balance as at 31.12.2005		1,949,986	8,563	1,529,557	(288)	8,080	593,113	4,089,011
Balance as at 30.6.2003								
– as previously reported		1,949,986	8,563	1,219,868	(9,385)	–	602,676	3,771,708
– prior year adjustments	42	–	–	5,201	–	(21,049)	21,264	5,416
As restated		1,949,986	8,563	1,225,069	(9,385)	(21,049)	623,940	3,777,124
Currency translation differences		–	–	–	23,809	–	–	23,809
Net profit for the financial period		–	–	–	–	–	307,542	307,542
Transfer to statutory reserves		–	–	169,587	–	–	(169,587)	–
Unrealised net gain/(loss) on revaluation of securities available-for-sale		–	–	–	–	25,719	–	25,719
Net (gain) on disposal or impairment transferred to income statement		–	–	–	–	(26,991)	–	(26,991)
Deferred tax		–	–	–	–	356	–	356
Ordinary dividends paid during the period		–	–	–	–	–	(142,224)	(142,224)
Balance as at 31.12.2004		1,949,986	8,563	1,394,656	14,424	(21,965)	619,671	3,965,335

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

consolidated cash flow statements

for the financial year ended 31 December 2005

GROUP	Note	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after INCPS dividends but before zakat and taxation		487,441	542,077
Adjustment for:			
INCPS dividend		136,842	189,082
Share of results of an associate		(542)	(2,702)
Property, plant and equipment:			
– Depreciation		92,171	145,278
– Gain on disposal		(1,112)	(4,995)
– Loss on disposal		67	2,917
– Written off		41	1,479
Allowance for impairment losses		84,289	19,499
Net gain on sale of foreclosed properties		–	(211)
Net gain on sale of securities available-for-sale		(32,242)	(42,198)
Net gain from early redemption of securities held-to-maturity		(14,042)	(1,636)
Interest income from securities available-for-sale		(52,455)	(62,149)
Interest income from securities held-to-maturity		(437,410)	(395,832)
Write back of allowance for diminution in foreclosed properties		–	(789)
Dividend income from securities available-for-sale		(3,590)	(6,409)
Allowance for losses on loans and financing		630,843	815,031
Interest suspended clawback net of recoveries		(119,460)	(177,784)
Allowance on amounts recoverable from Danaharta		–	5,552
Amortisation of premium less accretion of discount		(9,058)	(4,505)
Amortisation of discount for subordinated obligations		236	358
Unrealised exchange loss/(gain)		16,935	(17,952)
		778,954	1,004,111
(Increase)/Decrease in operating assets:			
Deposits and placements with banks and other financial institutions		(1,941,138)	(239,821)
Securities purchased under resale agreements		(2,180,161)	19,327
Securities held for trading		(833,733)	6,408,120
Loans, advances and financing		(5,089,473)	(2,312,856)
Other assets		(113,009)	7,029
Statutory deposits		(285,721)	(133,555)
		(10,443,235)	3,748,244
Increase/(Decrease) in operating liabilities:			
Deposits from customers		(218,125)	1,591,448
Deposits and placements of banks and other financial institutions		3,973,120	3,946,788
Obligations on securities sold under repurchase agreements		2,828,472	4,535,952
Bills and acceptances payable		688,980	(876,402)
Recourse obligation on amount due to Cagamas		(9,859)	2,806,825
Subordinated obligation		(3,064)	–
Short-term borrowing		–	(132,500)
Other liabilities		244,827	114,017
		7,504,351	11,986,128

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

consolidated cash flow statements

for the financial year ended 31 December 2005 (continued)

GROUP	Note	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Cash (used in)/generated from operations		(2,159,930)	16,738,483
Zakat paid		(99)	(421)
Taxation paid		(164,966)	(174,200)
Net cash (used in)/generated from operating activities		(2,324,995)	16,563,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(62,958)	(139,307)
Proceeds from disposal of property, plant and equipment		6,319	11,268
Proceeds from sale of foreclosed properties		–	2,290
Net sale/(purchase) of securities available-for-sale		4,439,500	(4,893,737)
Net purchase of securities held-to-maturity		(3,424,052)	(3,756,405)
Interest received from securities available-for-sale		19,294	71,941
Interest received from securities held-to-maturity		404,075	385,085
Dividend income from securities available-for-sale		2,585	4,614
Net cash generated from/(used in) investing activities		1,384,763	(8,314,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid:			
– INCPS		(98,503)	(127,796)
– ordinary shares		(161,459)	(142,224)
Net cash used in financing activities		(259,962)	(270,020)
Net (decrease)/increase in cash and cash equivalents		(1,200,194)	7,979,591
Effects of exchange rate differences		(8,523)	32,322
Cash and cash equivalents brought forward		11,999,653	3,987,740
Cash and cash equivalents carried forward		10,790,936	11,999,653
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds	2	10,790,936	11,999,653

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

BANK	Note	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after INCPS dividends but before taxation and zakat		341,488	405,418
Adjustment for:			
INCPS dividend		136,842	189,082
Property, plant and equipment:			
– Depreciation		87,719	141,137
– Gain on disposal		(755)	(4,795)
– Loss on disposal		67	2,917
– Written off		3	1,473
Allowance for impairment losses		93,904	16,577
Net gain on sale of foreclosed properties		–	(211)
Net gain on sale of securities available-for-sale		(32,242)	(26,170)
Net gain from early redemption of securities held-to-maturity		(14,042)	(1,636)
Interest income from securities available-for-sale		(50,314)	(59,033)
Interest income from securities held-to-maturity		(409,611)	(377,450)
Write back of allowance for diminution in foreclosed properties		–	(789)
Dividend income from securities available-for-sale		(3,513)	(4,982)
Dividend income from subsidiary companies		(34,055)	(91,514)
Allowance for losses on loans and financing		537,739	770,249
Interest suspended clawback net of recoveries		(107,652)	(168,137)
Allowance on amounts recoverable from Danaharta		–	5,552
Amortisation of premium less accretion of discount		5,371	(4,800)
Amortisation of discount for subordinated obligations		236	358
Unrealised exchange loss/(gain)		16,935	(17,364)
		568,120	775,882
(Increase)/Decrease in operating assets:			
Deposits and placements with banks and other financial institutions		(1,481,484)	(319,029)
Securities purchased under resale agreements		(2,180,161)	19,327
Securities held for trading		(841,515)	6,400,171
Loans, advances and financing		(3,500,362)	(147,096)
Other assets		(390,021)	668
Statutory deposits		(155,706)	(52,964)
		(8,549,249)	5,901,077
Increase/(Decrease) in operating liabilities:			
Deposits from customers		532,749	771,625
Deposits and placements of banks and other financial institutions		4,290,871	3,853,162
Obligations on securities sold under repurchase agreements		2,878,675	4,497,952
Bills and acceptances payable		999,074	(876,401)
Recourse obligation on amount due to Cagamas		(31,764)	1,883,980
Other liabilities		186,196	20,700
Subordinated obligation		(3,064)	–
		8,852,737	10,151,018

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)

BANK	Note	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Cash (used in)/generated from operations		871,608	16,827,977
Zakat paid		(2)	(421)
Taxation paid		(109,606)	(93,644)
Net cash generated from operating activities		762,000	16,733,912
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(52,513)	(129,288)
Proceeds from disposal of property, plant and equipment		5,621	11,067
Proceeds from sale of foreclosed properties		–	2,290
Net purchase of securities available-for-sale		4,560,322	(4,921,164)
Net purchase of securities held-to-maturity		(3,474,456)	(3,569,747)
Interest received from securities available-for-sale		17,271	68,824
Interest received from securities held-to-maturity		378,332	366,702
Dividend income from securities available-for-sale		2,530	3,712
Dividend income from subsidiary companies		33,776	78,530
Net investment in subsidiaries		(75,000)	–
Net cash generated from/(used in) investing activities		1,395,883	(8,089,074)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of finance lease		(434)	(326)
Dividends paid:			
– INCPS		(98,503)	(127,796)
– ordinary shares		(161,459)	(142,224)
Net cash used in financing activities		(260,396)	(270,346)
Net increase in cash and cash equivalents		1,897,487	8,374,492
Cash and cash equivalents vested over to RHB Islamic Bank		(1,273,377)	–
Effects of exchange rate differences		(10,136)	26,648
Cash and cash equivalents brought forward		11,925,427	3,524,287
Cash and cash equivalents carried forward		12,539,401	11,925,427
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Cash and short-term funds	2	12,539,401	11,925,427

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 Bank have been prepared under the historical cost convention (unless otherwise indicated), and are in accordance with the directives and guidelines issued by Bank Negara Malaysia ('BNM'), Malaysian Accounting Standards Board ('MASB') approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

The new applicable BNM's guideline adopted in these financial statements is the revised guidelines on Financial Reporting for Licensed Institution (BNM/GP8) issued by BNM 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 and the Bank which have been applied retrospectively and the details are disclosed in Note 42. However BNM has granted indulgence to the Group and the Bank 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 loan impairment under the revised BNM/GP8 if the allowance for non-performing debts and financing are computed based on BNM/GP3 requirements.

The financial statements incorporate all activities relating to Skim Perbankan Islam ('SPI') which have been undertaken by the Group in compliance with Shariah principles. SPI generally refers to the acceptance of deposits and granting of financing under the 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 assumption 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 event and actions, actual results may differ from those estimates.

2 BASIS OF CONSOLIDATION

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

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. 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 cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

All material inter-company transactions and balances have been eliminated on consolidation and the consolidated financial statements reflect external transactions only.

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

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the results of associates in the income statement and its share of the post acquisition reserve movements in reserves. The cumulative post acquisition movements are adjusted against the cost of investment and include goodwill on acquisition. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition.

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

3 INVESTMENT IN SUBSIDIARIES

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

Investment in subsidiaries are stated at cost less any impairment losses. At each balance sheet date, the Bank assessed 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 INVESTMENT IN ASSOCIATES

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

Investment in associates are stated at cost less any impairment losses. At each balance sheet date, the Bank 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 fair value of the separable net assets of subsidiaries and associates at the date of acquisition.

Goodwill is retained as an asset in the balance sheet and is stated at cost less any impairment losses. 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. See accounting policy Note 21 of impairment of assets.

6 SECURITIES

The Group and the Bank classifies its securities portfolio into the following categories: held for trading securities, held-to-maturity securities or available-for-sale securities. Classification of the securities is determined at initial recognition.

(i) Held for Trading Securities

Securities are classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or it 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.

(ii) Held-to-Maturity Securities

Held-to-maturity securities 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.

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

6 SECURITIES (CONTINUED)

(iii) Available-for-Sales Securities

Securities available-for-sale are financial assets that are not classified as held for trading or held-to-maturity securities. Securities available-for-sale are measured at fair value at initial recognition. Equity instruments that do not have a quoted market price in an active market and whose fair value 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 losses and foreign exchange gains and losses, until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be transferred to the income statements.

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

Dividends on available-for-sale equity instruments are recognised in the income statement when the right to receive payment is 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 value using valuation techniques. These include the use of recent arm 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 impact of prior year adjustments is disclosed in note 42 to the financial statement.

7 REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group has purchased with a commitment to resell at a future date. 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 Group has sold from its portfolio, with a commitment to repurchase at a future date. Such financing and the obligation to repurchase the securities is reflected as a liability on the balance sheet.

8 FORECLOSED PROPERTIES

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

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

9 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

Freehold land, buildings in progress, renovations in progress and computer software in progress are not depreciated. Depreciation of other property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates of depreciation are as follows:

Leasehold land	Amortised over period of leases. The remaining period of the leases range from 11 years to 888 years
Buildings	2%
Renovations	7.5% to 10%
Office equipment and furniture	7.5% to 20%
Computer equipment and software	20% to 33 1/3%
Motor vehicles	20%

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 assessed and written down immediately to its recoverable amount.

10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value on the date on which a derivative contract is 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 options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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 whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day one.

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.

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

(i) 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 asset or liability 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 profit or loss 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.

(ii) 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 or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (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.

(iii) 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.

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. Gains and losses 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 losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current financial period using the mark-to-market method, and are included in the income statement. The impact of the prior year adjustments are disclosed in note 42 to the financial statement.

11 BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

12 RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD ('CAGAMAS')

In the normal course of banking operations, the Group sells loans to Cagamas but undertakes 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 debts to Cagamas is deemed as a sale and purchase transaction from Shariah point of view. Such financing transactions are net-off with the assets sold on the balance sheet and the obligations to buy back the loans are reflected as assets sold with recourse in the commitment and contingencies.

13 ASSETS PURCHASED UNDER LEASE

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.

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 or the fair value of the leased asset 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 the liabilities. The finance charges are charged to the income statement over the lease period.

14 FINANCE LEASE – ASSETS SOLD UNDER 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 OTHER PROVISIONS

Provision are recognised when all of the following conditions have been met:

- (i) The Group has a present legal or constructive obligation as a result of past events;
- (ii) It is probable that an outflow of resources will be required to settle the obligation; and
- (iii) A reliable estimate of the amount can be made.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

16 BORROWINGS

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

17 PROFIT EQUALISATION RESERVE ("PER")

PER 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 Bank and hence can be appropriated from and written back to the total gross income in deriving the distributable income. PER is reflected under other liabilities on the balance sheet.

18 INCOME RECOGNITION

- (i) Interest income is recognised on an 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 income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently the interest earned on non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

- (ii) Dividends from subsidiaries are recognised when the shareholders' right to receive payment is established, while dividends from other investments are recognised when received.
- (iii) Loan arrangement fees and commissions are recognised as income when all conditions precedent is fulfilled.
- (iv) Guarantee fees are recognised as income upon issuance of the guarantees. Commitment fees are recognised as income based on time apportionment.
- (v) Income from the SPI is recognised on an accruals basis in accordance with the principles of Shariah.

19 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 based on a percentage of the loan portfolio is also made to cover possible losses which are not specifically identified. 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.

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 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 and the Bank's allowance for non-performing debts and financing is in conformity with the minimum requirements of BNM's 'Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (GP3)', which is deemed as in conformity with the requirement on the allowance for loan impairment under the revised BNM/GP8.

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

20 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 losses 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 security that can be reliably estimated.

(i) Securities carried at amortised cost

If there is objective evidence that an impairment loss on held-to-maturity securities 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 held-to-maturity security 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.

(ii) Securities carried at fair value

In the case of investments classified as available-for-sale, 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 for available-for-sale securities, 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 in profit or loss is removed from equity and recognised in the income statement. Impairment losses 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 available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

21 IMPAIRMENT OF OTHER ASSETS

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses 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.

summary of significant accounting policies

for the financial year ended 31 December 2005 (continued)

22 EMPLOYEE BENEFITS

(i) Short-term employee benefits

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

(ii) 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 payment obligations.

(iii) Termination benefits

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

23 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 arising from distribution of retained earnings to companies in the Group.

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 rate enacted or substantively enacted by 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 the Group to comply with the principles of Shariah and as approved by the Shariah Supervisory Council.

24 CURRENCY CONVERSION AND TRANSLATION

The financial statements are presented in Ringgit Malaysia.

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities outstanding at balance sheet date are translated into Ringgit Malaysia at exchange rates prevailing at the balance sheet 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 translated into the Group's reporting currency at average exchange rates for the financial period 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 taken to 'Translation reserve' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

summary of significant accounting polices

for the financial year ended 31 December 2005 (continued)

24 CURRENCY CONVERSION AND TRANSLATION (CONTINUED)

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

Foreign currency	31.12.2005 RM	31.12.2004 RM
1 US Dollar	3.78	3.80
1 Singapore/Brunei Dollar	2.27	2.33
100 Thai Baht	9.21	9.77

25 DIVIDENDS

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

26 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 change in value.

notes to the financial statements

for the financial year ended 31 December 2005

1 GENERAL INFORMATION

RHB Bank Berhad ('the Bank'), a limited liability company domiciled in Malaysia, is principally engaged in all aspects of banking business and in the provision of related services.

The principal activities of the Group consist of SPI business, finance business, leasing, offshore banking, nominee services and property investment.

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

The directors regard RHB Capital Berhad and Rashid Hussain Berhad, both companies incorporated in Malaysia as the holding and ultimate holding company respectively.

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

2 CASH AND SHORT-TERM FUNDS

	Group		Bank	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	695,251	813,465	618,838	797,618
Money at call and deposit placements maturing within one month	10,095,685	11,186,188	11,920,563	11,127,809
	10,790,936	11,999,653	12,539,401	11,925,427

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Licensed banks	182,391	451,425	132,341	334,814
Licensed finance companies	–	–	–	325,215
Bank Negara Malaysia	2,249,100	45,000	1,849,100	45,000
	2,431,491	496,425	1,981,441	705,029

notes to the financial statements

for the financial year ended 31 December 2005

4 SECURITIES HELD FOR TRADING

At fair value	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Money market instruments:				
<u>Quoted</u>				
Malaysian government securities	25,030	–	25,030	–
Khazanah bonds	120,419	–	91,345	–
Government investment issues	208,083	–	189,507	–
Singapore government stocks	317,799	150,921	317,799	150,921
<u>Unquoted</u>				
Malaysian government treasury bills	19,807	–	–	–
Singapore government treasury bills	–	46,360	–	46,360
Fixed rate notes	249,057	–	249,057	–
Bank Negara Malaysia bills	444,592	–	17,754	–
Negotiable certificates of deposits	–	150,000	–	150,000
Bankers' acceptances and Islamic accepted bills	20,437	287,802	–	287,802
Private debt securities	118,551	74,457	–	74,457
Quoted Securities:				
<u>In Malaysia</u>				
Shares	6,017	–	–	–
<u>Outside Malaysia</u>				
Other government securities	126,856	135,318	–	–
Bonds	105,289	88,221	–	–
Total securities held for trading	1,761,937	933,079	890,492	709,540

notes to the financial statements

for the financial year ended 31 December 2005

5 SECURITIES AVAILABLE-FOR-SALE

At fair value	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Money market instruments:				
<u>Quoted</u>				
Malaysian government securities	–	224,392	–	224,392
Cagamas bonds and Cagamas mudharabah bonds	585,535	590,588	570,545	590,588
Government investment issues	–	1,013,636	–	1,013,636
Singapore government stocks	–	107,253	–	107,253
Khazanah bonds	–	393,321	–	393,321
<u>Unquoted</u>				
Malaysian government treasury bills	42,534	24,654	9,677	24,654
Singapore government treasury bills	56,761	57,950	56,761	57,950
Thailand government treasury bills	–	29,106	–	29,106
Danaharta bonds	–	149,035	–	149,035
Bankers' acceptances and Islamic accepted bills	–	186,833	–	186,833
Negotiable instruments of deposit	–	1,339,004	–	1,339,004
Private debt securities	598,090	872,623	598,090	872,623
Bank Negara Malaysia bills/notes	99,575	807,072	–	807,072
Other government securities	4,546	24,858	4,546	24,858
	1,387,041	5,820,325	1,239,619	5,820,325
Quoted securities:				
<u>In Malaysia</u>				
Warrants	–	41	–	41
Corporate loan stocks	74,789	92,594	74,789	92,594
Shares	31,975	81,153	30,959	78,852
<u>Outside Malaysia</u>				
Floating rate notes	313	4,204	–	–
Shares	135	825	58	825
	107,212	178,817	105,806	172,312
Unquoted securities:				
<u>In Malaysia</u>				
Corporate loan stocks	193,691	217,108	177,189	181,673
Shares	165,952	166,285	162,521	163,429
Private debt securities	38,386	–	38,386	–
<u>Outside Malaysia</u>				
Private debt securities	3,298	7,383	3,298	7,383
Total securities available-for-sale	1,895,580	6,389,918	1,726,819	6,345,122

Included in securities available-for-sale is an amount of RM375,000,000 (31.12.2004: nil) being pledged to third parties in relation to securities sold under repurchase agreement.

notes to the financial statements

for the financial year ended 31 December 2005

6 SECURITIES HELD-TO-MATURITY

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
At amortised cost				
Money market instruments:				
<u>Quoted</u>				
Malaysian government securities	2,369,616	2,445,054	2,157,947	2,220,655
Cagamas bonds and Cagamas mudharabah bonds	656,125	500,325	530,566	430,401
Khazanah bonds	585,764	–	–	–
<u>Unquoted</u>				
Malaysian government treasury bills	73,406	34,742	73,406	34,742
Singapore government treasury bills	–	46,523	–	46,523
Thailand government treasury bills	47,235	80,563	47,235	80,563
Danaharta bonds	–	6,814	–	–
Bankers' acceptances and Islamic accepted bills	714,033	329,665	714,033	315,553
Negotiable instruments of deposit	5,867,009	2,533,489	5,867,009	2,533,489
Prasarana bonds	1,954,850	1,958,148	1,954,850	1,958,148
Private debt securities	1,030,971	1,754,266	885,353	1,754,266
Bank Negara Malaysia bills	–	84,820	–	84,820
Other government securities	140,746	109,415	140,746	109,415
	13,439,755	9,883,824	12,371,145	9,568,575
Quoted securities:				
<u>In Malaysia</u>				
Floating rate notes	100,162	100,700	–	–
<u>Outside Malaysia</u>				
Floating rate notes	–	19,453	–	–
Unquoted securities:				
<u>In Malaysia</u>				
Promissory notes	375	375	375	375
Bonds	29,047	29,047	834	834
Private debt securities	399,183	448,063	399,183	448,063
Corporate loan stocks	187,992	241,645	187,992	241,645
Shares	500	500	500	500
Floating rate notes	–	18,971	–	–
<u>Outside Malaysia</u>				
Credit link notes	37,797	–	–	–
	14,194,811	10,742,578	12,960,029	10,259,992
Accumulated impairment losses	(116,222)	(123,186)	(116,222)	(119,296)
Total securities held-to-maturity	14,078,589	10,619,392	12,843,807	10,140,696

(i) Included in unquoted shares is RM500,000 of a third party redeemable preference shares with a nominal value of RM1.00 each which were charged to another third party as part of a financing transaction facilitated by the Bank.

(ii) Included in securities held-to-maturity is an amount of RM8,879,125,000 (31.12.2004: RM4,157,442,000) being pledged to third parties in relation to securities sold under repurchase agreement.

notes to the financial statements

for the financial year ended 31 December 2005

7 LOANS, ADVANCES AND FINANCING

(i) By type	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Overdrafts	6,465,593	6,006,116	6,407,163	6,006,115
Term loans/financing				
– housing loans/financing	11,706,298	9,749,376	10,423,825	9,663,526
– syndicated term loans/financing	2,266,496	1,926,472	893,268	1,042,198
– hire purchase receivables	7,669,206	4,901,383	4,596	76,821
– lease receivables	295,953	260,014	–	9,365
– other term loans/financing	11,104,503	11,273,259	10,068,428	10,822,410
Bills receivable	1,628,524	1,443,917	1,130,178	1,443,917
Trust receipts	498,867	555,315	483,630	555,315
Claims on customers under acceptance credits	4,104,478	4,566,147	4,104,478	4,566,147
Staff loans/financing	417,836	417,510	406,508	408,606
Credit card receivables	994,953	720,281	994,953	720,281
Revolving credit	4,433,111	5,232,644	4,388,445	5,191,656
Block financing	–	4,390	–	3,665
Floor stocking	7,935	9,363	–	1,211
	51,593,753	47,066,187	39,305,472	40,511,233
Less: Unearned interest and income	(1,281,313)	(773,724)	(24,317)	(31,666)
	50,312,440	46,292,463	39,281,155	40,479,567
Gross loans, advances and financing				
Less: Allowance for bad and doubtful debts and financing:				
– general	(909,527)	(809,746)	(676,608)	(684,630)
– specific	(1,768,802)	(2,377,714)	(1,513,739)	(2,187,574)
	47,634,111	43,105,003	37,090,808	37,607,363

Included in term loans are housing loans sold to Cagamas with recourse amounting to RM3,356,992,000 (31.12.2004: RM3,366,851,000) for the Group and RM2,006,549,000 (31.12.2004: RM2,038,312,000) for the bank.

(ii) By type of customer	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Domestic non-bank financial institutions				
– Stock broking companies	2,862	226,526	2,862	226,526
– Others	1,538,106	1,984,495	1,498,753	1,981,958
Domestic business enterprises				
– Small medium enterprises	9,094,506	7,685,975	6,852,556	6,103,396
– Others	17,902,451	17,718,840	15,079,773	16,295,829
Government and statutory bodies	167,350	219,511	166,956	219,005
Individuals	21,137,542	18,037,545	15,381,841	15,346,388
Other domestic entities	54,419	39,769	37,971	39,704
Foreign entities	415,204	379,802	260,443	266,761
	50,312,440	46,292,463	39,281,155	40,479,567

notes to the financial statements

for the financial year ended 31 December 2005

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
(iii) By interest/profit rate sensitivity				
Fixed rate				
– Housing loans/financing	1,447,587	310,730	196,011	277,550
– Hire purchase receivables	6,485,481	4,177,284	4,171	75,178
– Other fixed rate loans/financing	2,953,207	2,841,417	1,456,431	2,554,553
Variable rate				
– Base Lending Rate plus	19,155,530	18,992,018	18,960,595	18,845,301
– Cost plus	16,075,401	15,768,951	15,695,727	15,608,391
– Other variable rates	4,195,234	4,202,063	2,968,220	3,118,594
	50,312,440	46,292,463	39,281,155	40,479,567
(iv) By sector				
Agriculture, hunting, forestry and fishing	1,982,288	1,677,011	1,320,136	1,357,625
Mining and quarrying	56,176	114,427	42,824	32,772
Manufacturing	9,276,329	9,815,827	6,906,282	8,202,344
Electricity, gas and water	479,209	750,684	293,312	625,252
Construction	2,857,867	2,928,379	2,515,401	2,739,394
Real estate	1,167,228	1,147,772	959,986	1,081,339
Purchased of landed property:				
– Residential	12,216,589	11,312,059	10,929,483	11,224,767
– Non-residential	1,063,209	1,122,973	1,148,949	1,249,144
Wholesale & retail trade and restaurant & hotels	5,732,092	5,124,082	5,106,453	4,890,610
Transport, storage and communication	2,809,321	1,295,083	2,211,187	974,162
Finance, insurance and business services	2,544,844	2,834,656	2,739,949	2,780,950
Purchase of securities	1,862,810	1,800,625	1,514,389	1,794,646
Purchase of transport vehicles	4,446,697	2,648,263	24,543	47,338
Consumption credit	2,796,938	2,661,478	2,768,354	2,657,605
Others	1,020,843	1,059,144	799,907	821,619
	50,312,440	46,292,463	39,281,155	40,479,567
(v) Movement in non-performing loans, advances and financing				
At beginning of year/period	4,866,476	5,924,793	4,587,825	5,559,000
Amount vested over to RHB Islamic Bank	–	–	(258,040)	–
Classified as non-performing during the year/period	2,474,971	2,815,942	1,814,499	2,628,031
Reclassified as performing during the year/period	(1,648,019)	(2,049,251)	(1,315,295)	(1,935,853)
Loans/financing converted to securities	(28,716)	(294,483)	(22,837)	(240,795)
Amount recovered	(391,096)	(625,552)	(274,148)	(555,692)
Amount written off	(1,118,358)	(913,782)	(1,044,495)	(875,675)
Exchange difference	(3,488)	8,809	(2,632)	8,809
At end of the year/period	4,151,770	4,866,476	3,484,877	4,587,825
Specific allowance	(1,768,802)	(2,377,714)	(1,513,739)	(2,187,574)
Net non-performing loans, advances and financing	2,382,968	2,488,762	1,971,138	2,400,251
Ratio of net non-performing loans and financing to net loans and financing	4.9%	5.7%	5.2%	6.3%

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

notes to the financial statements

for the financial year ended 31 December 2005

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
(vi) Movement in allowance for bad and doubtful debts				
<u>General allowance</u>				
At beginning of year/period	809,746	773,536	684,630	686,382
Amount vested over to RHB Islamic Bank	–	–	(77,059)	–
Allowance made/(written back) during the year/period	100,842	33,765	69,839	(4,197)
Exchange difference	(1,061)	2,445	(802)	2,445
At end of year/period	909,527	809,746	676,608	684,630
As % of gross loans, advances and financing less specific allowance	1.9%	1.8%	1.8%	1.8%
<u>Specific allowance</u>				
At beginning of year/period	2,377,714	2,511,305	2,187,574	2,282,062
Amount vested over to RHB Islamic Bank	–	–	(75,661)	–
Allowance made during the year/period	714,759	1,225,352	610,002	1,158,865
Transferred from allowance for commitments and contingencies	–	39	–	39
Transferred to accumulated impairment losses for securities	(12,332)	(64,949)	(12,332)	(61,881)
Amount recovered	(184,758)	(444,086)	(142,102)	(384,419)
Amount written off	(1,125,044)	(855,560)	(1,052,879)	(812,705)
Exchange difference	(1,537)	5,613	(863)	5,613
At end of year/period	1,768,802	2,377,714	1,513,739	2,187,574
(vii) Non-performing loans, advances and financing by sector				
Agriculture, hunting, forestry and fishing	26,326	102,090	19,414	95,145
Mining and quarrying	2,102	2,363	1,962	2,077
Manufacturing	658,633	1,281,952	549,970	1,158,409
Electricity, gas and water	210,255	210,281	210,055	210,257
Construction	488,426	701,178	461,398	676,074
Real estate	250,987	442,559	248,378	442,500
Purchase of landed property:				
– Residential	1,173,787	782,897	1,007,099	772,896
– Non-residential	166,288	172,056	160,137	166,515
Wholesale & retail trade and restaurant & hotels	214,464	345,870	194,830	341,871
Transport, storage and communication	73,585	75,422	27,696	63,322
Finance, insurance and business services	287,889	303,381	272,780	296,936
Purchase of securities	77,720	53,537	77,598	52,936
Purchase of transport vehicles	262,348	102,367	1,133	31,901
Consumption credit	199,914	217,830	197,044	217,237
Others	59,046	72,693	55,383	59,749
	4,151,770	4,866,476	3,484,877	4,587,825

notes to the financial statements

for the financial year ended 31 December 2005

8 OTHER ASSETS

	Note	Group		Bank	
		31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Other debtors, deposits and prepayments		191,992	127,589	160,350	114,224
Accrued interest receivable		152,660	64,907	137,825	55,992
Amount recoverable from BNM		1,705	–	–	–
Amount due from immediate holding company	(i)	28,254	27,187	27,894	26,827
Amounts due from subsidiaries		–	–	309,992	6,887
Amounts due from related companies		11,960	11,613	9,409	11,139
Derivatives assets	17 (v)	43,838	31,079	43,563	31,079
		430,409	262,375	689,033	246,148

(i) Amount due from immediate holding company is unsecured, bear interest at 4.9% (31.12.2004 :4.8%) per annum and has no fixed repayment terms.

9 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate offsetting, are shown in the balance sheet:

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Deferred tax assets	240,038	204,175	171,138	168,343
Deferred tax liabilities	(8)	(22)	–	–
	240,030	204,153	171,138	168,343

notes to the financial statements

for the financial year ended 31 December 2005

9 DEFERRED TAXATION (CONTINUED)

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

Group	Property, plant & equipment RM'000	Securities available- for-sale RM'000	Derivative assets RM'000	Temporary difference arising from leasing business RM'000	Tax losses RM'000	General allowance on loans, advances and financing RM'000	Others temporary differences RM'000	Total RM'000
31.12.2005								
<u>Deferred tax assets/(liabilities)</u>								
At beginning of year								
– As previously reported	(33,010)	–	–	7,964	4,595	213,961	1,561	195,071
– Prior year adjustments	–	8,429	753	–	–	–	(100)	9,082
As restated	(33,010)	8,429	753	7,964	4,595	213,961	1,461	204,153
Charged to income statement	6,374	–	–	–	4,435	28,657	8,207	47,673
Charged to equity	–	(11,724)	–	–	–	–	–	(11,724)
Exchange difference	–	–	–	–	(72)	–	–	(72)
At end of year	(26,636)	(3,295)	753	7,964	8,958	242,618	9,668	240,030
31.12.2004								
<u>Deferred tax assets/(liabilities)</u>								
At beginning of period								
– As previously reported	(38,608)	–	–	(25,333)	–	205,598	2,366	144,023
– Prior year adjustments	–	8,186	(6,406)	–	–	–	(6,247)	(4,467)
As restated	(38,608)	8,186	(6,406)	(25,333)	–	205,598	(3,881)	139,556
Charged to income statement	5,598	–	7,159	33,297	4,565	8,363	5,345	64,327
Charged to equity	–	243	–	–	–	–	–	243
Exchange difference	–	–	–	–	30	–	(3)	27
At end of period	(33,010)	8,429	753	7,964	4,595	213,961	1,461	204,153

notes to the financial statements

for the financial year ended 31 December 2005

9 DEFERRED TAXATION (CONTINUED)

Bank	Property, plant & equipment RM'000	Securities available- for-sale RM'000	Derivative assets RM'000	Tax losses RM'000	General allowance on loans, advances and financing RM'000	Others temporary differences RM'000	Total RM'000
31.12.2005							
<u>Deferred tax assets/(liabilities)</u>							
At beginning of year							
– As previously reported	(32,349)	–	–	4,595	191,696	(4,794)	159,148
– Prior year adjustments	–	8,542	753	–	–	(100)	9,195
As restated	(32,349)	8,542	753	4,595	191,696	(4,894)	168,343
Amount vested over to RHB Islamic Bank	–	–	–	–	(21,577)	–	(21,577)
Charged to income statement	7,187	–	–	4,435	19,331	5,175	36,128
Charged to equity	–	(11,684)	–	–	–	–	(11,684)
Exchange difference	–	–	–	(72)	–	–	(72)
At end of year	(25,162)	(3,142)	753	8,958	189,450	281	171,138
31.12.2004							
<u>Deferred tax assets/(liabilities)</u>							
At beginning of period							
– As previously reported	(38,608)	–	–	–	194,338	(4,144)	151,586
– Prior year adjustments	–	8,186	(6,406)	–	–	(6,247)	(4,467)
As restated	(38,608)	8,186	(6,406)	–	194,338	(10,391)	147,119
Charged to income statement	6,259	–	7,159	4,565	(2,642)	5,497	20,838
Charged to equity	–	356	–	–	–	–	356
Exchange difference	–	–	–	30	–	–	30
At end of period	(32,349)	8,542	753	4,595	191,696	(4,894)	168,343

notes to the financial statements

for the financial year ended 31 December 2005

9 DEFERRED TAXATION (CONTINUED)

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Tax losses for which the related tax credit has not been recognised in the financial statements	2,600,059	2,631,982	327,986	359,909

10 STATUTORY DEPOSITS

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Statutory deposits with Bank Negara Malaysia	1,556,280	1,274,091	1,171,000	1,140,000
Statutory deposits with Monetary Authority of Singapore	58,040	56,637	58,040	56,637
Statutory deposits with Ministry of Finance, Brunei	4,705	3,997	4,705	3,997
	1,619,025	1,334,725	1,233,745	1,200,634

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia 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.

11 INVESTMENT IN SUBSIDIARIES

	Bank	
	31.12.2005 RM'000	31.12.2004 RM'000
Unquoted shares, at cost		
– in Malaysia	2,309,220	1,710,796
– outside Malaysia	12,807	12,807
	2,322,027	1,723,603
Amount due to subsidiaries	(39,103)	(38,165)
Reclassified to goodwill upon acquisition of assets and liabilities of a subsidiary net of fair value adjustment	(892,012)	(892,950)
Impairment loss on investment in subsidiaries	(1,063)	–
	1,389,849	792,488

notes to the financial statements

for the financial year ended 31 December 2005

11 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The following are the subsidiaries of the Bank:

	Paid-up capital	Effective interest		Principal activities
		2005 %	2004 %	
RHB Bank (L) Ltd	US\$54,000,000	100	100	Offshore banking
RHB Islamic Bank Berhad	RM523,424,002	100	–	Islamic Banking
RHB Capital Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Nominee services for Malaysian beneficial shareholders
– RHB Capital Nominees (Asing) Sdn Bhd	RM10,000	100	100	Nominee services for foreign beneficial shareholders
UMBC Sdn Bhd	RM499,999,818	100	100	Dormant company
RHB Investment Ltd *	S\$19,000,000	100	100	Property investment and rental
Banfora Pte Ltd *	S\$25,000,000	100	100	Property investment and rental
RHB Bank Nominees Pte Ltd *	S\$100,000	100	100	Nominee services
USB Nominees Sdn Bhd	RM10,000	100	100	Dormant company
USB Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company
USB Nominees (Asing) Sdn Bhd	RM10,000	100	100	Dormant company
RHB Delta Finance Berhad	RM175,000,000	100	100	Finance company
– RHB Delta Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company
– RHB Leasing Sdn Bhd	RM10,000,000	100	100	Leasing and hire purchase
INFB Jaya Sdn Bhd	RM50,000,000	100	100	Dormant company
RHB Trade Services Limited #	HK\$2.00	100	100	Processing of letters of credit reissuance favouring Hong Kong beneficiaries
RHB Capital Properties Sdn Bhd	RM21,800,000	100	100	Property investment
Utama Gilang Sdn Bhd	RM800,000,000	100	100	Dormant company
Utama Assets Sdn Bhd	RM2,300,000	100	100	Property investment
U.B. Nominees (Tempatan) Sdn Bhd	RM10,000	100	100	Dormant company

* Subsidiaries companies audited by overseas firms associated with PricewaterhouseCoopers, Malaysia.

Subsidiary not audited by PricewaterhouseCoopers.

All of the subsidiaries are incorporated in Malaysia except for RHB Investment Ltd, Banfora Pte Ltd and RHB Bank Nominees Pte Ltd which are incorporated in Singapore, and RHB Trade Services Limited which is incorporated in Hong Kong.

On 2 February 2005, a wholly owned subsidiary, RHB Islamic Bank was incorporated.

On 9 June 2005, additional share capital of RM25,000,000 was invested in RHB Delta Finance Berhad.

notes to the financial statements

for the financial year ended 31 December 2005

12 INVESTMENT IN AN ASSOCIATE

	Group	
	31.12.2005	31.12.2004
	RM'000	RM'000
Unquoted shares, at cost	3,315	3,315
Share of post acquisition profit	883	1,286
	4,198	4,601
Represented by:		
Share of net assets	6,223	6,626
Negative goodwill arising from acquisition	(2,025)	(2,025)
	4,198	4,601

The associate is CMS Trust Management Berhad, a company incorporated in Malaysia, with an equity interest of 49% held by its subsidiary, Utama Gilang Sdn Bhd. Its principal activity is unit trust fund management.

notes to the financial statements

for the financial year ended 31 December 2005

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment	Computer equipment	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000			and furniture RM'000	and software RM'000		
31.12.2005									
<u>Cost</u>									
Balance as at beginning of financial year	86,825	1,047	134,372	284,544	120,517	165,736	585,997	16,081	1,395,119
Exchange differences	(35)	-	(2,242)	(1,174)	(195)	(348)	(454)	(46)	(4,494)
Additions/transfers	-	-	-	3,518	8,509	4,390	45,130	1,411	62,958
Reclassification	-	-	-	-	(1,355)	(217)	1,572	-	-
Disposals/written off	-	-	(3,299)	(2,128)	(1,151)	(5,270)	(10,359)	(3,493)	(25,700)
Balance as at end of financial year	86,790	1,047	128,831	284,760	126,325	164,291	621,886	13,953	1,427,883
<u>Less: Accumulated depreciation</u>									
Balance as at beginning of financial year	-	384	3,842	34,597	82,359	155,425	412,150	13,037	701,794
Exchange differences	-	-	(1)	(238)	(119)	(321)	(252)	(41)	(972)
Charge for the year	-	28	444	4,750	8,077	9,392	68,161	1,319	92,171
Reclassification	-	-	-	-	-	(1,442)	1,442	-	-
Disposals/written off	-	-	(218)	(438)	(1,081)	(5,159)	(10,305)	(3,178)	(20,379)
Balance as at end of financial year	-	412	4,067	38,671	89,236	157,895	471,196	11,137	772,614
<u>Less: Impairment loss</u>									
Balance as at beginning of financial year	-	-	24,005	3,508	-	-	-	-	27,513
Exchange differences	-	-	(470)	(13)	-	-	-	-	(483)
Balance as at end of financial year	-	-	23,535	3,495	-	-	-	-	27,030
Net book value as at end of financial year	86,790	635	101,229	242,594	37,089	6,396	150,690	2,816	628,239

notes to the financial statements

for the financial year ended 31 December 2005

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
31.12.2004									
<u>Cost</u>									
Balance as at beginning of financial period	89,643	914	121,033	265,840	115,666	165,918	502,862	27,031	1,288,907
Exchange differences	109	-	7,009	3,626	489	871	600	111	12,815
Additions/transfers	-	-	-	27,689	10,393	6,619	93,045	1,561	139,307
Reclassification	-	133	10,747	(10,880)	-	-	-	-	-
Disposals/written off	(2,927)	-	(4,417)	(1,731)	(6,031)	(7,672)	(10,510)	(12,622)	(45,910)
Balance as at end of financial period	86,825	1,047	134,372	284,544	120,517	165,736	585,997	16,081	1,395,119
<u>Less: Accumulated depreciation</u>									
Balance as at beginning of financial period	-	297	2,934	27,676	75,042	148,692	311,144	23,453	589,238
Exchange differences	-	-	3	707	324	787	586	112	2,519
Charge for the period	-	42	1,112	6,490	12,244	13,583	109,751	2,056	145,278
Reclassification	-	45	(45)	-	-	-	-	-	-
Disposals/written off	-	-	(162)	(276)	(5,251)	(7,637)	(9,331)	(12,584)	(35,241)
Balance as at end of financial period	-	384	3,842	34,597	82,359	155,425	412,150	13,037	701,794
<u>Less: Impairment loss</u>									
Balance as at beginning of financial period	-	-	12,944	386	-	-	-	-	13,330
Exchange differences	-	-	1,112	32	-	-	-	-	1,144
Charge for the period	-	-	9,949	3,090	-	-	-	-	13,039
Balance as at end of financial period	-	-	24,005	3,508	-	-	-	-	27,513
Net book value as at end of financial period	86,825	663	106,525	246,439	38,158	10,311	173,847	3,044	665,812

notes to the financial statements

for the financial year ended 31 December 2005

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment	Computer equipment	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000			and furniture RM'000	and software RM'000		
31.12.2005									
<u>Cost</u>									
Balance as at beginning of financial year	80,606	879	34,299	231,483	114,735	154,645	575,773	12,901	1,205,321
Amount vested over to RHB Islamic Bank	-	-	-	-	(264)	(450)	(1,393)	(232)	(2,339)
Exchange differences	(32)	-	-	(510)	(188)	(290)	(443)	(46)	(1,509)
Additions/transfers	-	-	-	3,495	4,889	3,627	39,675	827	52,513
Reclassification	-	-	-	-	(1,355)	1,355	-	-	-
Disposals/written off	-	-	(3,299)	(1,950)	(42)	(2,755)	(8,390)	(1,867)	(18,303)
Balance as at end of financial year	80,574	879	31,000	232,518	117,775	156,132	605,222	11,583	1,235,683
<u>Less: Accumulated depreciation</u>									
Balance as at beginning of financial year	-	306	2,638	28,004	78,755	146,379	405,938	10,961	672,981
Amount vested over to RHB Islamic Bank	-	-	-	-	(204)	(429)	(875)	(225)	(1,733)
Exchange differences	-	-	-	(194)	(112)	(282)	(241)	(39)	(868)
Charge for the year	-	24	389	4,188	7,697	8,723	65,813	885	87,719
Disposals/written off	-	-	(218)	(393)	(8)	(2,676)	(8,374)	(1,693)	(13,362)
Balance as at end of financial year	-	330	2,809	31,605	86,128	151,715	462,261	9,889	744,737
<u>Less: Impairment loss</u>									
Balance as at beginning/end of financial year	-	-	3,987	526	-	-	-	-	4,513
Net book value as at end of financial year	80,574	549	24,204	200,387	31,647	4,417	142,961	1,694	486,433

notes to the financial statements

for the financial year ended 31 December 2005

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	Freehold land RM'000	Leasehold land		Buildings RM'000	Renovations RM'000	Office equipment and furniture RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Total RM'000
		Less than 50 years RM'000	50 years or more RM'000						
31.12.2004									
<u>Cost</u>									
Balance as at beginning of financial period	83,432	746	27,969	214,947	111,618	154,994	496,988	23,280	1,113,974
Exchange differences	101	-	-	1,595	490	724	607	113	3,630
Additions/transfers	-	-	-	27,552	8,396	6,014	88,478	1,249	131,689
Reclassification	-	133	10,747	(10,880)	-	-	-	-	-
Disposals/written off	(2,927)	-	(4,417)	(1,731)	(5,769)	(7,087)	(10,300)	(11,741)	(43,972)
Balance as at end of financial period	80,606	879	34,299	231,483	114,735	154,645	575,773	12,901	1,205,321
<u>Less: Accumulated depreciation</u>									
Balance as at beginning of financial period	-	226	1,816	22,042	71,361	140,244	305,965	21,191	562,845
Exchange differences	-	-	-	584	324	697	592	112	2,309
Charge for the period	-	35	1,029	5,654	12,060	12,490	108,509	1,360	141,137
Reclassification	-	45	(45)	-	-	-	-	-	-
Disposals/written off	-	-	(162)	(276)	(4,990)	(7,052)	(9,128)	(11,702)	(33,310)
Balance as at end of financial period	-	306	2,638	28,004	78,755	146,379	405,938	10,961	672,981
<u>Less: Impairment loss</u>									
Balance as at beginning of financial period	-	-	-	-	-	-	-	-	-
Charge for the period	-	-	3,987	526	-	-	-	-	4,513
Balance as at end of financial period	-	-	3,987	526	-	-	-	-	4,513
Net book value as at end of financial period	80,606	573	27,674	202,953	35,980	8,266	169,835	1,940	527,827

Included in the net book value of office equipment and furniture is an amount of RM1,753,457 (31.12.2004 : RM2,076,461) which is acquired under finance lease from subsidiaries.

notes to the financial statements

for the financial year ended 31 December 2005

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group and Bank	
	31.12.2005	31.12.2004
	RM'000	RM'000
<u>Cost</u>		
Renovations	5,013	5,992
Computer equipment & software	12,750	11,232
	17,763	17,224

14 GOODWILL

	Group		Bank	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
<u>Cost</u>				
Balance as at beginning of financial year/period	1,018,435	1,058,204	892,950	922,950
Fair value adjustment on assets acquired in previous year	(938)	(39,769)	(938)	–
Fair value adjustment on assets vested over from a subsidiary in previous year	–	–	–	(30,000)
Balance as at end of the financial year/period	1,017,497	1,018,435	892,012	892,950
Less: <u>Accumulated amortisation</u>				
Balance as at beginning and end of financial year/period	13,480	13,480	–	–
Net book value as at end of financial year/period	1,004,017	1,004,955	892,012	892,950

The goodwill represents the difference between the purchase price and the value of the net assets acquired on RHB Delta Finance Group, RHB Capital Properties, INFB Jaya Sdn Bhd and Utama Gilang Group.

notes to the financial statements

for the financial year ended 31 December 2005

15 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Demand deposits	13,671,301	12,800,231	12,240,434	12,558,036
Savings deposits	4,722,989	4,521,857	4,190,874	4,459,034
Fixed/investment deposits	28,276,770	31,324,304	22,521,116	27,696,096
Promissory notes	–	199,000	–	199,000
Negotiable instrument of deposits	2,033,774	135,793	1,891,850	135,793
	48,704,834	48,981,185	40,844,274	45,047,959

- (i) The maturity structure of the fixed deposits, promissory notes and negotiable certificate of deposits is as follows:

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Due within six months	23,803,198	24,604,793	18,503,869	22,210,770
Six months to one years	5,998,681	6,525,278	5,578,955	5,437,064
One year to three years	418,741	454,580	304,142	308,950
Three years to five years	86,059	74,436	26,000	74,095
Over five years	3,865	10	–	10
	30,310,544	31,659,097	24,412,966	28,030,889

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

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Government and statutory bodies	3,181,957	3,734,723	1,973,312	3,734,723
Business enterprises	21,805,579	22,048,320	17,153,977	19,968,363
Individuals	22,823,334	22,079,018	21,563,514	21,282,941
Others	893,964	1,119,124	153,471	61,932
	48,704,834	48,981,185	40,844,274	45,047,959

notes to the financial statements

for the financial year ended 31 December 2005

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Licensed banks	7,089,159	4,278,134	6,462,596	4,281,133
Licensed finance companies	62,770	219,220	62,770	219,220
Licensed merchant banks	438,787	468,065	438,787	468,065
Bank Negara Malaysia	948,947	857,063	948,695	857,063
Other financial institutions	2,057,994	818,111	1,857,890	679,012
	10,597,657	6,640,593	9,770,738	6,504,493

17 OTHER LIABILITIES

	Note	Group		Bank	
		31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Accrued interest payable		314,599	269,985	270,062	239,909
Accruals for operational expenses		120,551	123,436	110,735	112,239
Allowance for commitments and contingencies	(i)	–	–	–	–
Amount due to holding company		1,783	59	1,783	42
Amount due to subsidiaries		–	–	79,710	77,904
Amount due to related companies		1,955	2,745	1,095	1,488
Amount due to BNM	(ii)	256,738	223,414	256,681	223,414
Amount due to Danaharta	(iii)	1,909	53,355	1,909	53,355
Finance lease	(iv)	–	–	1,642	2,076
Prepaid instalment		51,594	53,546	1,356	1,366
Lessee deposits		80,935	74,063	12	12
Derivatives liabilities	(v)	66,059	41,977	54,253	18,661
Short term employee benefits		58,454	37,708	54,530	32,913
Other accruals and charges		409,299	247,532	240,455	177,338
		1,363,876	1,127,820	1,074,223	940,717

notes to the financial statements

for the financial year ended 31 December 2005

17 OTHER LIABILITIES (CONTINUED)

- (i) Movements in the allowance for commitments and contingencies are as follows:-

	Group and Bank	
	31.12.2005	31.12.2004
	RM'000	RM'000
Balance as at beginning of financial year/period	–	21,439
Amount transferred to specific allowance for loans, advances and financing	–	(39)
Amount written off	–	(21,400)
	<hr/>	<hr/>
Balance as at end of financial year/period	–	–

- (ii) The 'Amount due to BNM' mainly comprises of collections on ex-Sime Bank's non performing loans sold to BNM which are managed by the Bank. Amount due to BNM was subject to interest at rates ranging from 2.79% to 2.88% (31.12.2004: 2.80% to 3.27%) per annum.
- (iii) The 'Amount due to Danaharta' mainly comprises of collections on ex-Sime Bank's overseas branches non-performing loans sold to Danaharta which is managed by the overseas branches.
- (iv) The minimum lease payments of the Bank:

	Bank	
	31.12.2005	31.12.2004
	RM'000	RM'000
Not later than 1 year	578	579
Later than 1 year and not later than 5 years	1,279	1,856
	<hr/>	<hr/>
Future finance charges	1,857	2,435
	(215)	(359)
	<hr/>	<hr/>
Present value	1,642	2,076

Finance lease are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The effective interest rates of the finance leases at balance sheet date is 7.67% (31.12.2004: 7.67%) per annum.

- (v) Derivatives assets/liabilities

		Group		Bank	
	Note	31.12.2005	31.12.2004	31.12.2005	31.12.2004
		RM'000	RM'000	RM'000	RM'000
Derivatives assets	8	43,838	31,079	43,563	31,079
Derivatives liabilities		(66,059)	(41,977)	(54,253)	(18,661)
		<hr/>	<hr/>	<hr/>	<hr/>
		(22,221)	(10,898)	(10,690)	12,418

notes to the financial statements

for the financial year ended 31 December 2005

17 OTHER LIABILITIES (CONTINUED)

(v) Derivatives assets/liabilities (continued)

Group	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
31.12.2005			
Foreign exchange related contracts:			
– forwards/swaps	6,585,779	13,049	15,972
– 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	151,000	136	3
– swaps	3,542,403	10,081	30,145
		43,838	66,059
31.12.2004			
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	269,000	300	238
– swaps	1,277,000	2,931	27,949
		31,079	41,977

notes to the financial statements

for the financial year ended 31 December 2005

17 OTHER LIABILITIES (CONTINUED)

(v) Derivatives assets/liabilities (continued)

Bank	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
31.12.2005			
Foreign exchange related contracts:			
– forwards/swaps	6,574,449	13,049	15,972
– options	929,564	20,148	19,759
– cross currency interest rate swaps	188,975	167	59
– spots	353,437	256	121
Interest rate related contracts:			
– futures	151,000	136	3
– swaps	3,330,740	9,807	18,339
		43,563	54,253
31.12.2004			
Foreign exchange related contracts:			
– forwards/swaps	12,781,400	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	269,000	300	238
– swaps	1,087,000	2,931	4,633
		31,079	18,661

18 SUBORDINATED OBLIGATIONS

	Group and Bank 31.12.2005 RM'000	31.12.2004 RM'000
RM Subordinated Bonds 2002/2012	800,000	800,000
USD 150 mil Subordinated Notes 2002/2013	566,925	570,000
	1,366,925	1,370,000
Less: Unaccreted discount	(1,673)	(1,920)
	1,365,252	1,368,080

notes to the financial statements

for the financial year ended 31 December 2005

18 SUBORDINATED OBLIGATIONS (CONTINUED)

(i) RM Subordinated Bonds

On 24 December 2002, the 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 the 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 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 maturity date.

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

(ii) USD Subordinated Notes

On 27 December 2002, the 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. The Bank may at its option, subject to prior written approval of Bank Negara Malaysia, redeem the Sub-Notes on 25 January 2008 at their principal amount plus accrued interest. In addition, the 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 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 "Term 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 the Bank, and will rank *pari passu* with the RM800 million Sub-Bonds due 2012. The Sub-Notes will rank *pari passu* without any preference among themselves.

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

Bank	Number of shares		31.12.2005 RM'000	31.12.2004 RM'000
	31.12.2005 '000	31.12.2004 '000		
Authorised:				
<u>Irredeemable non-cumulative convertible</u> <u>Preference shares of RM1 each</u>				
As at beginning/end of financial year/period	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
<u>Irredeemable non-cumulative convertible</u> <u>Preference shares of RM1 each</u>				
As at beginning/end of financial year/period	1,368,099	1,368,099	1,368,099	1,368,099

notes to the financial statements

for the financial year ended 31 December 2005

19 IRREDEEMABLE NON-CUMULATIVE CONVERTIBLE PREFERENCE SHARES ('INCPS') (CONTINUED)

The salient features of the Irredeemable Non-Cumulative Convertible Preference Shares ('INCPS') are:

- (i) A non-cumulative preferential dividend (less tax) at the following rates:
 - (a) 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
 - (b) Thereafter, a non-cumulative preferential dividend at the rate of 10% (less tax) per annum.
- (ii) Save and except that the INCPS shall rank in priority to the 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 have no right to participate in the surplus assets and profits of the Bank.
- (iii) The INCPS carry no right to attend and vote at general meetings of the Bank unless the dividends on the INCPS are in arrears for more than 3 months or the general meeting is:
 - (a) for any resolution which varies or is deemed to vary the rights and privileges of such INCPS; or
 - (b) for any resolution for winding up of the Bank.
- (iv) Holders of the INCPS have the option of converting the INCPS into new Bank ordinary shares in the first 5 years from the date of issue of the INCPS (Conditional Conversion Period) should:
 - (a) the Bank cease to be a subsidiary of RHB Capital Berhad; or
 - (b) the risk weighted capital adequacy ratio of the Bank fall to a level at or below 8.5% and this is not remedied within 3 months from the occurrence of such event; or
 - (c) at any time the aggregate of dividends which are missed and not paid exceed 4% of the par value of the INCPS, or;
 - (d) at any time after the Conditional Conversion Period, at the Optional Conversion Price. The Optional Conversion Price means the consolidated net assets per 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.
- (v) In the event the Bank undertakes an initial public offering of shares for the purpose of seeking a listing on the Bursa Malaysia Securities Berhad, 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

20 ORDINARY SHARE CAPITAL

Group and Bank	Number of shares		31.12.2005 RM'000	31.12.2004 RM'000
	31.12.2005 '000	31.12.2004 '000		
Authorised:				
<u>Ordinary shares of 50 sen each</u>				
As at beginning/end of financial year/period	8,000,000	8,000,000	4,000,000	4,000,000
Issued and fully paid:				
<u>Ordinary shares of 50 sen each</u>				
As at beginning/end of financial year/period	3,899,972	3,899,972	1,949,986	1,949,986

21 RESERVES

The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989, and Section 18 of the Singapore Finance Companies (Amendment) Act 1994, and are not distributable as cash dividends.

Subject to agreement by the Inland Revenue Board, the Bank has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income under Section 12 of the Income Tax (Amendment) Act 1999 to pay dividends out of its entire retained profits as at 31 December 2005.

22 INTEREST INCOME

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Loans, advances and financing				
– Interest income other than recoveries from NPLs	2,305,080	3,070,826	1,828,077	2,609,614
– Recoveries from NPLs	174,938	281,209	159,885	259,200
Money at call and deposit placements with banks and other financial institutions	351,797	295,921	391,738	299,635
Securities held for trading	59,293	190,334	50,004	182,723
Securities available-for-sale	52,111	62,149	50,314	59,033
Securities held-to-maturity	428,224	379,781	407,709	361,399
Others	1,719	3,822	1,719	3,822
	3,373,162	4,284,042	2,889,446	3,775,426
Amortisation of premium less accretion of discount	(12,035)	(28,132)	(9,700)	(27,837)
Interest suspended clawback	(72,438)	(126,134)	(55,475)	(113,736)
	3,288,689	4,129,776	2,824,271	3,633,853

notes to the financial statements

for the financial year ended 31 December 2005

23 INTEREST EXPENSE

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Deposits and placements of banks and other financial institutions	149,980	114,455	152,110	107,295
Deposits from customers	1,146,651	1,563,514	1,033,696	1,452,844
Short-term borrowings	–	1,836	–	–
Subordinated obligations	92,549	139,427	92,549	139,427
Recourse obligation on loans sold to Cagamas	156,769	167,734	95,923	116,602
Obligation on securities sold under repurchase agreements	112,005	77,910	110,600	77,070
Others	31,940	40,532	34,320	41,902
	1,689,894	2,105,408	1,519,198	1,935,140

24 OTHER OPERATING INCOME

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Fee income				
Commission	102,173	137,169	100,227	134,499
Service charges and fees	147,312	176,983	133,839	163,161
Guarantee fees	27,628	41,365	27,623	41,362
Commitment fees	37,291	51,950	37,291	51,870
Underwriting fees	1,335	1,798	1,335	1,798
Other fees	13,681	16,793	14,131	17,734
	329,420	426,058	314,446	410,424
Gain arising from sale/redemption of securities				
Net gain from sale of:				
– Securities held for trading	13,612	34,813	13,612	34,813
– Securities available-for-sale	32,242	42,198	32,242	26,170
Net gain from early redemption of securities held-to-maturity	14,042	1,636	14,042	1,636
	59,896	78,647	59,896	62,619

notes to the financial statements

for the financial year ended 31 December 2005

24 OTHER OPERATING INCOME (CONTINUED)

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Gross dividend income				
Securities available-for-sale	3,590	6,409	3,513	4,982
Subsidiaries	–	–	34,055	91,514
	3,590	6,409	37,568	96,496
Unrealised gain/(losses) on revaluation of securities				
– Securities held for trading	(10,375)	(29,905)	2,260	(21,955)
– Derivatives	5,612	(7,526)	(6,173)	(1,526)
	(4,763)	(37,431)	(3,913)	(23,481)
Other income				
Foreign exchange gain/(loss)				
– realised	149,750	151,691	147,633	128,240
– unrealised	(16,935)	17,952	(16,935)	17,364
Gain on disposal of property, plant and equipment	1,112	4,995	755	4,795
Other operating income	6,727	10,698	6,071	10,158
Other non-operating income	3,362	6,518	2,948	3,889
	144,016	191,854	140,472	164,446
	532,159	665,537	548,469	710,504

25 OTHER OPERATING EXPENSES

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
<u>Personnel cost</u>				
– Salaries, allowances and bonuses	444,308	612,709	399,780	576,808
– Contributions to Employee Provident Fund	67,812	92,330	62,395	86,527
– Other staff related cost	51,307	62,183	40,924	59,299
	563,427	767,222	503,099	722,634

notes to the financial statements

for the financial year ended 31 December 2005

25 OTHER OPERATING EXPENSES (CONTINUED)

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
<u>Establishment cost</u>				
– Property, plant and equipment				
– Depreciation	92,171	145,278	87,719	141,137
– Loss on disposal	67	2,917	67	2,917
– Written off	41	1,479	3	1,405
– Rental of premises	40,781	60,472	38,964	60,318
– Rental equipment	6,238	5,939	6,115	5,939
– Insurance	12,779	14,934	12,042	14,611
– Water and electricity	14,452	20,529	13,023	19,106
– Repair and maintenance	40,881	65,647	39,168	63,481
– Information technology expenses	70,836	95,777	65,851	95,625
– Others	2,221	1,529	–	3
	280,467	414,501	262,952	404,542
<u>Marketing expenses</u>				
– Sales commission	18,236	8,889	18,206	8,889
– Advertisement and publicity	36,928	34,818	32,458	34,093
– Dealers' handling fees	51,741	33,854	–	–
– Others	17,560	57,086	16,101	21,485
	124,465	134,647	66,765	64,467
<u>Administration and general expenses</u>				
– Communication expenses	70,765	86,697	60,681	79,932
– Auditors' remuneration				
– Statutory audit	1,888	831	1,453	668
– Non statutory audit	212	1,601	120	1,301
– Other services	–	36	–	–
– Others	34,263	34,486	6,880	64,905
	107,128	123,651	69,134	146,806
	1,075,487	1,440,021	901,950	1,338,449
The number of employees as at end of financial year/period				
	9,318	9,069	8,332	8,402

Included in the personnel cost of the Group and the Bank are Directors' remuneration (exclude benefits-in-kind) totalling RM4,594,000 (31.12.2004: RM4,553,000) and RM4,021,000 (31.12.2004: RM4,117,000) respectively, as disclosed in Note 26.

notes to the financial statements

for the financial year ended 31 December 2005

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER ('CEO') AND DIRECTORS

Forms of remuneration in aggregate for all directors charged to the income statement during the financial year/period are as follows:

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Executive Directors and CEO				
– Salary and other remuneration, including meeting allowance	2,195	1,215	2,195	1,215
– Benefits-in-kind (based on an estimated money value)	190	284	190	284
– Bonus	270	712	270	712
– Pension contribution	–	241	–	241
– Fees	–	–	–	–
– Others	72	54	72	54
Non-Executive Directors				
– Fees	551	692	351	453
– Benefits-in-kind (based on an estimated money value)	86	156	86	156
– Others	1,506	1,639	1,133	1,442
	4,870	4,993	4,297	4,557

The remuneration attributable to the Chief Executive Officer of the Bank, including benefits-in-kind during the financial year/period amounted to RM1,922,965 (31.12.2004: RM1,775,967).

CEO

Michael J. Barrett

(Appointed on 3 January 2005)

The Directors of the Bank in office since the date of the last report are as follows:

Executive Director

Akira Miyama

(Retired on 1 October 2005)

Non-executive Directors

Datuk Azlan Zainol

(Chairman- Appointed on 27 July 2005)

Dato Abdullah Mat Noh

(Deputy Chairman)

Tuan Haji Khairuddin Ahmad

Vaseehar Hassan Abdul Razack

Dato' Mohd Salleh Haji Harun

Dato' Othman Jusoh

Prof Balachandran A. Shanmugam

(Appointed on 3 March 2005)

Johari Abdul Muid

(Appointed on 1 April 2005)

Ismael Fariz Ali

(Appointed on 10 August 2005)

Dato' Mohamed Khadar Merican

(Appointed on 9 January 2006)

Dato' Ali Hassan

(Resigned on 3 June 2005)

Dato Sri Sulaiman Abdul Rahman Taib

(Ceased on 21 June 2005,
pending approval from BNM on his re-appointment)

Dato' Abdul Rashid Ahmad

(Resigned on 6 July 2005)

notes to the financial statements

for the financial year ended 31 December 2005

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER ('CEO') AND DIRECTORS (CONTINUED)

The remuneration including benefit-in-kind of the Directors is within the following bands:

RM	Group		Bank	
	2005 Number of Directors	2004 Number of Directors	2005 Number of Directors	2004 Number of Directors
<u>Executive</u>				
700,001 – 750,000	1	1	1	1
<u>Non-Executive</u>				
0 – 50,000	–	1	1	1
50,000 – 100,000	3	2	5	2
100,001 – 150,000	2	1	2	1
150,001 – 200,000	3	3	1	4
200,001 – 250,000	–	–	1	1
250,001 – 300,000	1	1	–	–
300,001 – 350,000	1	1	–	–
350,001 – 400,000	–	–	–	–
400,001 – 450,000	–	1	–	2
450,001 – 500,000	–	–	1	–
500,001 – 550,000	–	–	–	–
550,001 – 600,000	1	–	–	–
600,001 – 650,000	–	1	–	–

27 ALLOWANCES FOR LOSSES ON LOANS AND FINANCING

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Allowance for losses on loans and financing				
Specific allowance				
– Made during the financial year/period	714,759	1,225,352	610,002	1,158,865
– Written back	(184,758)	(444,086)	(142,102)	(384,419)
General allowance				
– Made during the financial year/period	100,842	33,765	69,839	(4,197)
Bad debts on loans and financing				
– Recovered	(56,976)	(37,736)	(55,901)	(35,426)
– Written off	–	123	–	–
	573,867	777,418	481,838	734,823
Amount recoverable from Danaharta				
– Allowance made during the financial period	–	5,552	–	5,552
– Recovered	(78,795)	(83,974)	(78,795)	(83,974)
	495,072	698,996	403,043	656,401

The Group and Bank has evaluated its portfolio of non-performing debts that had been in default and remained uncollected for more than 7 years and also those non-performing debts in default for more than 5 years but less than 7 years. For the debts in default for more than 7 years, no value is assigned as the realisable value of collateral. For the debts 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 RM167,629,264 (31.12.2004: RM84,079,000) and RM160,926,580 (31.12.2004: RM84,079,000) for the Group and Bank respectively.

notes to the financial statements

for the financial year ended 31 December 2005

28 ALLOWANCE FOR IMPAIRMENT LOSSES

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Charged for the financial year/period				
– Securities available-for-sale	103,565	28,920	103,416	20,838
– Securities held-to-maturity	13,533	26,693	14,596	25,804
– Property, plant and equipment	–	13,040	–	4,512
Reversal for the financial year/period				
– Securities available-for-sale	(7,796)	(34,656)	(7,796)	(21,659)
– Securities held-to-maturity	(25,013)	(14,498)	(16,312)	(12,918)
	84,289	19,499	93,904	16,577

29 INCPS DIVIDENDS

	Group and Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
INCPS		
Semi-annual gross dividend of 5% (31.12.2004: 4% and 5%)	136,842	189,082

The INCPS dividends are paid in accordance with the terms of the INCPS (refer to note 19).

30 TAXATION

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Malaysian income tax				
– Current year/period	207,353	213,877	158,432	183,982
– (Over)/under provision in prior years	(12,399)	8,912	(12,192)	(15,071)
Overseas taxation				
– Current year/period	795	4,958	734	2,499
– (Over)/under provision in prior years	(895)	247	(844)	247
Tax refund	(32)	–	–	–
Deferred taxation (note 9)	(47,673)	(64,327)	(36,128)	(20,838)
Tax on dividends	(38,594)	(52,943)	(38,316)	(52,943)
	108,555	110,724	71,686	97,876

notes to the financial statements

for the financial year ended 31 December 2005

30 TAXATION (CONTINUED)

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:-

	Group		Bank	
	12 months year ended 31.12.2005 %	18 months period ended 31.12.2004 %	12 months year ended 31.12.2005 %	18 months period ended 31.12.2004 %
Group and Bank average applicable tax rate	28	28	28	28
Tax effect in respect of:-				
Non allowable expenses	2.7	2.8	3.4	3.2
Non-taxable income	(0.1)	(0.2)	(2.8)	(3.4)
Effect of different tax rates in Labuan/other countries	(3.4)	(6.0)	(0.4)	(0.2)
Utilisation of unabsorbed business losses brought forward previously not recognised	(1.5)	(1.1)	(2.2)	(1.5)
Other temporary differences not recognised in prior years	(0.9)	(4.3)	(1.2)	0.5
Other temporary differences not recognised	0.4	1.0	–	1.2
Others - share of result of an associate	–	(0.1)	–	–
Real property gains tax - Labuan	–	0.4	–	–
Over provision in prior years	(2.7)	(0.1)	(3.8)	(3.5)
Average effective tax rate	22.5	20.4	21.0	24.3
Tax losses:				
Tax savings as a result of the utilisation of tax losses brought forward from previous year for which the related credit is recognised during the financial year/period	7,466	6,156	7,466	6,156

31 EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the net profit for the financial year less INCPS dividends by the weighted average number of ordinary shares in issue during the financial year.

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Earnings per ordinary share is calculated as follows:				
Basic:				
Net profit for the financial year/period	377,737	430,548	269,802	307,542
Weighted average number of ordinary shares in issue ('000)	3,899,972	3,899,972	3,899,972	3,899,972
Basic earnings per share (sen)	9.7	11.0	6.9	7.9

notes to the financial statements

for the financial year ended 31 December 2005

31 EARNINGS PER ORDINARY SHARE (CONTINUED)

(b) Diluted earnings per ordinary share

If the Bank's INCPS were converted to ordinary shares, the effect would be anti-dilutive and are therefore ignored in the calculation for dilutive earnings per share of the Group and the Bank.

32 DIVIDENDS OF ORDINARY SHARES

	Group and Bank			
	12 months year ended 31.12.2005	Amount of dividends, net of 28% tax RM'000	18 months period ended 31.12.2004	Amount of dividends, net of 28% tax RM'000
	Gross dividend per share sen		Gross dividend per share sen	
Ordinary Shares				
First interim dividend	2.75	77,219	0.82	22,886
Second interim dividend	–	–	1.90	53,351
Final dividend – proposed/paid	2.05	57,564	3.00	84,240
	4.80	134,783	5.72	160,477

At the forthcoming Annual General Meeting, a final gross dividend in respect of the current financial year of 2.05 sen per share (31.12.2004: 3.00 sen per share) less tax amounting to RM57.56 million will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006 when approved by the shareholders.

notes to the financial statements

for the financial year ended 31 December 2005

33 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The significant related party transactions and balances described below were carried out on terms and conditions obtainable on transactions with unrelated parties. Interest rates on all related party transactions are at normal commercial rates.

Other related companies comprise the other companies in the Rashid Hussain Berhad Group.

Group	Immediate holding company RM'000	Other related companies RM'000
12 months year ended 31.12.2005		
<u>Income</u>		
Interest on deposits and placements with other financial institutions	–	332
Income on securities held-for-trading	–	2,739
Income on securities held-to-maturity	2,278	10,683
Other income	4,600	7,142
	6,878	20,896
<u>Expenditure</u>		
Interest on deposits and placements of banks and other financial institutions	–	92
Interest on fixed deposits	795	1,649
Interest on securities sold under REPO	3,488	1,837
Rental of premises	–	9,810
Management fee	–	2,260
Other expenses	27	24,007
	4,310	39,655
<u>Amount due from</u>		
Securities held-to-maturity	89,200	500,000
Other assets	28,254	11,960
	117,454	511,960
<u>Amount due to</u>		
Current account and fixed deposits	34,188	84,053
Securities sold under REPO	114,743	94,257
Deposits and placements of banks and other financial institutions	–	50,000
Other liabilities	1,783	1,955
	150,714	230,265

notes to the financial statements

for the financial year ended 31 December 2005

33 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Group	Immediate holding company RM'000	Other related companies RM'000
18 months period ended 31.12.2004		
<u>Income</u>		
Interest on deposits and placements with other financial institutions	–	75
Income on securities available-for-sale	–	15,025
Income on securities held-to-maturity	–	8,304
Interest on advances	–	50
Other income	1,529	12,071
	<hr/> 1,529	<hr/> 12,071
	<hr/> <hr/> 1,529	<hr/> <hr/> 35,525
<u>Expenditure</u>		
Interest on deposits and placements of banks and other financial institutions	–	1,423
Interest on fixed deposits	674	1,307
Interest on borrowing	–	800
Interest on securities sold under REPO	157	3,733
Rental of premises	–	15,108
Management fee	–	7,904
Other expenses	659	20,227
	<hr/> 1,490	<hr/> 50,502
	<hr/> <hr/> 1,490	<hr/> <hr/> 50,502
<u>Amount due from</u>		
Income on securities available-for-sale	–	340,000
Income on securities held-to-maturity	–	200,000
Other assets	27,187	11,613
	<hr/> 27,187	<hr/> 11,613
	<hr/> <hr/> 27,187	<hr/> <hr/> 551,613
<u>Amount due to</u>		
Current account and fixed deposits	122,202	106,573
Securities sold under REPO	1,500	152,115
Deposits and placements of banks and other financial institutions	–	87,050
Bills and acceptances payable	–	1,248
Other liabilities	59	2,745
	<hr/> 123,761	<hr/> 349,731
	<hr/> <hr/> 123,761	<hr/> <hr/> 349,731

notes to the financial statements

for the financial year ended 31 December 2005

33 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Bank	Immediate holding company RM'000	Subsidiaries RM'000	Other related companies RM'000
12 months year ended 31.12.2005			
<u>Income</u>			
Interest on deposits and placements with other financial institutions	–	57,142	332
Interest on securities held-for-trading	–	–	2,739
Income on securities held-to-maturity	2,278	–	10,683
Interest on advances	–	10,034	–
Other income	4,600	35,091	5,701
	6,878	102,267	19,455
<u>Expenditure</u>			
Interest on deposits and placements of banks and other financial institutions	–	4,189	92
Interest on fixed deposits	795	20,236	655
Interest on securities sold under REPO	3,488	984	1,837
Rental of premises	–	3,196	9,482
Management fee	–	592	2,203
Reimbursement of operating expenses from a subsidiary	–	(33,761)	–
Other expenses	27	51	23,554
	4,310	(4,513)	37,823
<u>Amount due from</u>			
Current account and fixed deposits	–	4,432,340	–
Loans, advances and financing	–	690,616	–
Securities held-to-maturity	89,200	–	500,000
Other assets	27,894	309,992	9,409
	117,094	5,432,948	509,409
<u>Amount due to</u>			
Current account and fixed deposits	34,188	758,703	53,269
Securities sold under REPO	114,743	50,000	94,257
Deposits and placements of banks and other financial institutions	–	499,390	50,000
Finance lease	–	1,642	–
Other liabilities	1,783	79,710	1,095
	150,714	1,389,445	198,621

notes to the financial statements

for the financial year ended 31 December 2005

33 SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Bank	Immediate holding company RM'000	Subsidiaries RM'000	Other related companies RM'000
18 months period ended 31.12.2004			
<u>Income</u>			
Interest on deposits and placements with other financial institutions	–	20,555	75
Income on securities available-for-sale	–	–	15,025
Income on securities held-to-maturity	–	–	8,304
Interest on advances	–	15,649	–
Other income	1,529	92,722	10,415
	<hr/> 1,529	<hr/> 128,926	<hr/> 33,819
<u>Expenditure</u>			
Interest on deposits and placements of banks and other financial institutions	–	1,033	289
Interest on fixed deposits	674	8,208	1,298
Interest on securities sold under REPO	157	569	3,733
Rental of premises	–	4,729	14,979
Management fee	–	1,009	7,381
Other expenses	643	60	20,159
	<hr/> 1,474	<hr/> 15,608	<hr/> 47,839
<u>Amount due from</u>			
Current account and fixed deposits	–	897,481	–
Loans, advances and financing	–	230,815	–
Income on securities available-for-sale	–	–	340,000
Income on securities held-to-maturity	–	–	200,000
Deposits and placements with banks and other financial institutions	–	325,215	–
Other assets	26,827	6,887	11,139
	<hr/> 26,827	<hr/> 1,460,398	<hr/> 551,139
<u>Amount due to</u>			
Current account and fixed deposits	122,202	728,820	70,338
Securities sold under REPO	1,500	–	152,115
Deposits and placements of banks and other financial institutions	–	2,999	87,050
Bills and acceptances payable	–	–	1,248
Finance lease	–	2,076	–
Other liabilities	42	77,904	1,488
	<hr/> 123,744	<hr/> 811,799	<hr/> 312,239

notes to the financial statements

for the financial year ended 31 December 2005

34 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to customers. Apart from the allowance for commitments and contingencies already made in the financial statements (see Note 17), no material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Group are as follows:

	31.12.2005			31.12.2004		
	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	1,447,962	1,447,962	1,285,878	1,628,451	1,628,451	1,446,601
Transaction-related contingent items	1,143,457	571,730	451,548	1,048,592	524,296	431,095
Short-term self-liquidating trade-related contingencies	1,978,963	395,793	211,859	1,923,997	384,799	179,089
Obligations under underwriting agreements	263,240	131,620	131,620	265,240	132,620	132,620
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 more than one year	3,418,856	1,709,427	1,377,879	3,129,055	1,564,528	1,162,883
– maturity less than one year	19,775,230	–	–	17,049,889	–	–
Foreign exchange related contracts						
– less than one year	7,905,085	116,061	38,091	13,899,588	172,470	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	344,000	601	120	470,000	1,503	363
– one year to less than five years	3,160,918	101,414	32,808	1,076,000	36,492	11,672
– more than five years	188,485	6,633	2,021	–	–	–
Miscellaneous	541,887	–	–	541,088	–	–
Total	40,364,815	4,534,667	3,559,520	41,285,480	4,515,099	3,413,501

notes to the financial statements

for the financial year ended 31 December 2005

34 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk weighted exposures of the Bank are as follows:

	31.12.2005			31.12.2004		
	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	1,447,947	1,447,947	1,285,863	1,627,896	1,627,896	1,446,046
Transaction-related contingent items	1,072,126	536,064	417,451	1,035,130	517,565	424,364
Short-term self-liquidating trade-related contingencies	1,864,530	372,906	188,973	1,916,921	383,384	177,674
Obligations under underwriting agreements	213,240	106,620	106,620	265,240	132,620	132,620
Housing loans sold directly and indirectly to Cagamas with recourse	–	–	–	54,080	54,080	27,040
Irrevocable commitments to extend credit:						
– maturity more than one year	2,544,013	1,272,007	960,386	2,449,478	1,224,739	823,094
– maturity less than one year	18,488,906	–	–	17,015,665	–	–
Foreign exchange related contracts						
– less than one year	7,893,755	115,864	38,017	13,892,379	172,301	18,892
– one year to less than five years	152,670	9,363	5,665	199,500	15,860	3,078
Interest rate related contracts						
– less than one year	344,000	601	120	470,000	1,503	363
– one year to less than five years	2,971,933	97,256	30,729	886,000	23,936	5,394
– more than five years	165,807	4,318	863	–	–	–
Miscellaneous	523,721	–	–	541,088	–	–
Total	37,682,648	3,962,946	3,034,687	40,353,377	4,153,884	3,058,565

* The credit equivalent amount is arrived at using the credit conversion factors as per Bank Negara Malaysia guidelines. Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

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

notes to the financial statements

for the financial year ended 31 December 2005

35 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:

Year	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Within one year	32,374	21,423	29,673	19,414
Between one to five years	18,100	16,961	15,542	15,154
More than five years	1,483	505	1,448	505

36 CAPITAL COMMITMENTS

	Group		Bank	
	31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Capital expenditure for property, plant and equipment:				
Authorised and contracted for	34,317	19,992	33,757	19,538
Authorised but not contracted for	36,239	43,958	28,325	42,008
	70,556	63,950	62,082	61,546

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

OVERVIEW AND ORGANISATION

Risk is inherent in banking business and sound risk management is cornerstone of prudent and successful banking. In compliance with best practices under the Malaysian Code of Corporate Governance, the Board of Directors (Board) through the Bank's Risk Management Division and Risk Management Committee is responsible for identifying principal risk and ensuring that there is an ongoing process to continuously manage the Bank's risks proactively.

The Risk Management Committee of the Board provides oversight and management of all risks in an integrated way. Risk Management Division (RMD) is independent and reports directly to this committee. RMD through Risk Management Committee assists the Board to formulate risk related policies, advises the Board on the risk impact of business strategies, and reviews compliance by the management to the risk policy framework that is approved by the Board. The structure of risk management in the Bank is shown as follows:

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

OVERVIEW AND ORGANISATION (CONTINUED)

Structure of Risk Management



Primary responsibility for managing risks, however, rests with business managers. They are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. There is a continuous review of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits. Additionally, the management of risks associated with financial instruments is continuously carried out in the organization. The Board has set up policies and procedures to manage the risks that may arise in connection with the use of financial instruments.

MARKET RISK MANAGEMENT

Market risk is the risk of potential loss resulting from adverse movements in the level of market prices or rates, the two key components being interest rate risk and foreign currency exchange risks. 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, measurement methodologies and limits as approved by the Board, controls financial market activities. The Asset Liability Committee (ALCO) comprising key officers of the banks, plays a fundamental role in the asset/liability management of the bank, and establishes strategies which assist in controlling and reducing any potential exposures to market risk. The Risk Management Division, via the Market Risk Dept, plays an independent role in the monitoring and assessing of risk exposures arising from these, and reports independently to the Risk Management Committee of the Board.

Apart from monitoring compliance with risk policies, methodologies and limits, a number of techniques 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. Scenario analysis and stress testing examine the impact of unusual market forces on the existing portfolios.

Derivative financial instruments are used principally to hedge exposures to fluctuation in foreign exchange rates and interest rates. Risk 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:

(a) Currency Risk

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

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Currency Risk (continued)

There is an approved position limits 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 ALCO.

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.

(b) Interest Rate Risk

Interest rate risk is the risk to earnings and the value of financial instruments held by the Bank 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 ALCO monitors 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.

The table below summarises the Group and the Bank's exposure to interest rate risk. The assets and liabilities at carrying amount are categorised by the earlier of contractual repricing or maturity dates.

Group	Non-trading book					Non-interest sensitive RM'000	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				
31.12.2005									
<u>Assets</u>									
Cash and short-term funds	10,485,334	-	-	-	-	305,602	-	10,790,936	2.97
Securities purchased under resale agreements	907,147	1,252,377	59,967	-	-	-	-	2,219,491	3.00
Deposits and placements with banks and other financial institutions	250,000	2,181,441	50	-	-	-	-	2,431,491	3.07
Securities held for trading	-	-	-	-	-	-	1,761,937	1,761,937	3.23
Securities available-for-sale	145,143	430,281	424,569	678,608	153,426	63,553	-	1,895,580	3.46
Securities held-to-maturity	1,780,533	1,914,960	3,500,573	4,460,039	2,538,206	(115,722)#	-	14,078,589	3.46
Loans, advances and financing									6.42
- performing	26,706,076	4,567,817	3,873,557	6,790,833	4,222,213	174	-	46,160,670	
- non-performing	-	-	-	-	-	1,473,441*	-	1,473,441	
Other assets	20,904	-	-	-	-	365,667	43,838	430,409	4.92
Tax recoverable	-	-	-	-	-	17,449	-	17,449	-
Deferred taxation assets	-	-	-	-	-	240,038	-	240,038	-
Statutory deposits	-	-	-	-	-	1,619,025	-	1,619,025	-
Investment in an associate	-	-	-	-	-	4,198	-	4,198	-
Property, plant and equipment	-	-	-	-	-	628,239	-	628,239	-
Goodwill	-	-	-	-	-	1,004,017	-	1,004,017	-
Total assets	40,295,137	10,346,876	7,858,716	11,929,480	6,913,845	5,605,681	1,805,775	84,755,510	

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Group	Non-trading book						Non-interest sensitive RM'000	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					
31.12.2005										
<u>Liabilities</u>										
Deposits from customers	19,169,461	5,929,194	10,211,308	523,227	3,865	12,867,779	-	48,704,834	2.76	
Deposits and placements of banks and other financial institutions	5,781,587	2,601,811	991,412	1,139,611	79,556	3,680	-	10,597,657	2.97	
Obligations on securities sold under repurchase agreements	7,862,441	1,846,642	620,338	-	-	-	-	10,329,421	2.86	
Bills and acceptances payable	1,094,038	1,329,676	550,901	-	-	338,445	-	3,313,060	3.31	
Recourse obligation on loans sold to Cagamas Berhad	-	-	441,711	1,600,025	1,315,256	-	-	3,356,992	4.44	
Other liabilities	256,681	-	-	-	-	1,041,136	66,059	1,363,876	2.85	
Provision for taxation and zakat	-	-	-	-	-	19,214	-	19,214	-	
Deferred taxation liabilities	-	-	-	-	-	8	-	8	-	
Subordinated obligations	-	-	-	1,365,252	-	-	-	1,365,252	6.63-6.85	
	34,164,208	11,707,323	12,815,670	4,628,115	1,398,677	14,270,262	66,059	79,050,314		
									Effective dividend rate %	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00	
Shareholders' equity	-	-	-	-	-	4,337,097	-	4,337,097	-	
Total liabilities and shareholders' equity	34,164,208	11,707,323	12,815,670	5,996,214	1,398,677	18,607,359	66,059	84,755,510		
Total interest-sensitivity gap	6,130,929	(1,360,447)	(4,956,954)	5,933,266	5,515,168	(13,001,678)	1,739,716	-		

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Group	Non-trading book					Non-interest sensitive RM'000	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				
31.12.2004									
Assets									
Cash and short-term funds	11,590,525	-	-	-	-	409,128	-	11,999,653	2.84
Securities purchased under resale agreements	40,458	-	-	-	-	-	-	40,458	0.45
Deposits and placements with banks and other financial institutions	258,814	234,891	2,720	-	-	-	-	496,425	2.21
Securities held for trading	-	-	-	-	-	-	933,079	933,079	1.81
Securities available-for-sale	1,231,591	1,397,570	1,201,237	1,909,959	465,377	184,184	-	6,389,918	4.04
Securities held-to-maturity	1,087,861	884,467	1,652,060	4,052,753	3,058,243	(115,992)#	-	10,619,392	2.94
Loans, advances and financing									6.09
- performing	26,558,964	4,841,582	2,551,809	4,232,736	3,240,896	-	-	41,425,987	
- non-performing	-	-	-	-	-	1,679,016*	-	1,679,016	
Other assets	20,904	-	-	-	-	210,392	31,079	262,375	4.80
Tax recoverable	-	-	-	-	-	26,831	-	26,831	-
Deferred taxation assets	-	-	-	-	-	204,175	-	204,175	-
Statutory deposits	-	-	-	-	-	1,334,725	-	1,334,725	-
Investment in an associate	-	-	-	-	-	4,601	-	4,601	-
Property, plant and equipment	-	-	-	-	-	665,812	-	665,812	-
Goodwill	-	-	-	-	-	1,004,955	-	1,004,955	-
Total assets	40,789,117	7,358,510	5,407,826	10,195,448	6,764,516	5,607,827	964,158	77,087,402	

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Group	Non-trading book					Non-interest sensitive RM'000	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				
31.12.2004									
<u>Liabilities</u>									
Deposits from customers	19,853,536	5,356,093	10,709,298	565,052	3,652	12,493,554	-	48,981,185	2.96
Deposits and placements of banks and other financial institutions	3,572,486	1,057,313	660,860	1,295,864	51,104	2,966	-	6,640,593	2.69
Obligations on securities sold under repurchase agreements	7,456,049	44,900	-	-	-	-	-	7,500,949	2.64
Bills and acceptances payable	878,404	1,007,828	369,377	-	-	368,570	-	2,624,179	2.99
Recourse obligation on loans sold to Cagamas Berhad	-	-	30,483	2,775,184	561,184	-	-	3,366,851	4.43
Other liabilities	223,576	-	-	-	-	862,267	41,977	1,127,820	2.80
Provision for taxation and zakat	-	-	-	-	-	261	-	261	-
Deferred taxation liabilities	-	-	-	-	-	22	-	22	-
Subordinated obligations	-	-	-	1,368,080	-	-	-	1,368,080	6.63-6.85
	31,984,051	7,466,134	11,770,018	6,004,180	615,940	13,727,640	41,977	71,609,940	
									Effective dividend rate %
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	8.00-10.00
Shareholders' equity	-	-	-	-	-	4,109,363	-	4,109,363	-
Total liabilities and shareholders' equity	31,984,051	7,466,134	11,770,018	7,372,279	615,940	17,837,003	41,977	77,087,402	
Total interest-sensitivity gap	8,805,066	(107,624)	(6,362,192)	2,823,169	6,148,576	(12,229,176)	922,181	-	

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Bank	Non-trading book					Non-interest sensitive RM'000	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				
31.12.2005									
<u>Assets</u>									
Cash and short-term funds	12,310,212	-	-	-	-	229,189	-	12,539,401	3.00
Securities purchased under resale agreements	907,147	1,252,377	59,967	-	-	-	-	2,219,491	3.00
Deposits and placements with bank and other financial institutions	-	1,981,441	-	-	-	-	-	1,981,441	3.12
Securities held for trading	-	-	-	-	-	-	890,492	890,492	3.57
Securities available-for-sale	145,142	330,706	373,731	665,098	153,426	58,716	-	1,726,819	3.51
Securities held-to-maturity	1,693,600	1,855,220	3,390,899	3,576,927	2,442,883	(115,722)#	-	12,843,807	3.43
Loans, advances and financing									6.34
- performing	26,008,032	3,743,632	3,255,878	2,614,844	173,892	-	-	35,796,278	
- non-performing	-	-	-	-	-	1,294,530*	-	1,294,530	
Other assets	20,904	-	-	-	-	624,566	43,563	689,033	4.92
Deferred taxation assets	-	-	-	-	-	171,138	-	171,138	-
Statutory deposits	-	-	-	-	-	1,233,745	-	1,233,745	-
Investment in subsidiaries	-	-	-	-	-	1,389,849	-	1,389,849	-
Property, plant and equipment	-	-	-	-	-	486,433	-	486,433	-
Goodwill	-	-	-	-	-	892,012	-	892,012	-
Total assets	41,085,037	9,163,376	7,080,475	6,856,869	2,770,201	6,264,456	934,055	74,154,469	

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Bank	Non-trading book						Non-interest sensitive RM'000	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					
31.12.2005										
<u>Liabilities</u>										
Deposits from customers	14,135,730	5,120,567	8,998,974	348,570	-	12,240,433	-	40,844,274	2.77	
Deposits and placements of banks and other financial institutions	5,680,518	2,452,494	712,730	841,760	79,556	3,680	-	9,770,738	2.99	
Obligations on securities sold under repurchase agreements	7,912,441	1,808,845	620,338	-	-	-	-	10,341,624	2.86	
Bills and acceptances payable	1,075,424	1,319,615	545,540	-	-	338,445	-	3,279,024	3.31	
Recourse obligation on loans sold to Cagamas Berhad	-	-	437,197	1,341,545	227,807	-	-	2,006,549	4.73	
Other liabilities	256,681	-	-	-	-	763,289	54,253	1,074,223	2.85	
Provision for taxation and zakat	-	-	-	-	-	15,675	-	15,675	-	
Subordinated obligations	-	-	-	1,365,252	-	-	-	1,365,252	6.63-6.85	
	29,060,794	10,701,521	11,314,779	3,897,127	307,363	13,361,522	54,253	68,697,359		
									Effective dividend rate %	
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	10.00	
Shareholders' equity	-	-	-	-	-	4,089,011	-	4,089,011	-	
Total liabilities and shareholders' equity	29,060,794	10,701,521	11,314,779	5,265,226	307,363	17,450,533	54,253	74,154,469		
Total interest-sensitivity gap	12,024,243	(1,538,145)	(4,234,304)	1,591,643	2,462,838	(11,186,077)	879,802	-		

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Bank	Non-trading book					Non-interest sensitive RM'000	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				
31.12.2004									
Assets									
Cash and short-term funds	11,532,147	-	-	-	-	393,280	-	11,925,427	2.75
Securities purchased under resale agreements	40,458	-	-	-	-	-	-	40,458	0.45
Deposits and placements with banks and other financial institutions	258,814	446,215	-	-	-	-	-	705,029	2.16
Securities held for trading	-	-	-	-	-	-	709,540	709,540	1.81
Securities available-for-sale	1,227,791	1,397,570	1,200,563	1,875,284	465,291	178,623	-	6,345,122	3.08
Securities held-to-maturity	986,347	814,233	1,638,760	4,038,576	2,774,017	(111,237)#	-	10,140,696	2.98
Loans, advances and financing									6.17
- performing	25,865,210	4,143,875	2,527,493	1,822,007	1,533,157	-	-	35,891,742	
- non-performing	-	-	-	-	-	1,715,621*	-	1,715,621	
Other assets	20,904	-	-	-	-	194,165	31,079	246,148	4.80
Tax recoverable	-	-	-	-	-	18,098	-	18,098	-
Deferred taxation assets	-	-	-	-	-	168,343	-	168,343	-
Statutory deposits	-	-	-	-	-	1,200,634	-	1,200,634	-
Investment in subsidiaries	-	-	-	-	-	792,488	-	792,488	-
Property, plant and equipment	-	-	-	-	-	527,827	-	527,827	-
Goodwill	-	-	-	-	-	892,950	-	892,950	-
Total assets	39,931,671	6,801,893	5,366,816	7,735,867	4,772,465	5,970,792	740,619	71,320,123	

Consist of equity instruments less impairment loss.

* This represents outstanding non-performing loans after deducting specific allowance and general allowance.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest Rate Risk (continued)

Bank	Non-trading book					Non-interest sensitive RM'000	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				
31.12.2004									
<u>Liabilities</u>									
Deposits from customers	17,453,461	4,846,387	9,782,913	419,081	3,652	12,542,465	-	45,047,959	2.74
Deposits and placements of banks and other financial institutions	3,561,405	1,000,767	592,457	1,295,794	51,104	2,966	-	6,504,493	2.74
Obligations on securities sold under repurchase agreements	7,456,049	6,900	-	-	-	-	-	7,462,949	2.64
Bills and acceptances payable	878,404	1,007,828	369,377	-	-	368,570	-	2,624,179	2.99
Recourse obligation on loans sold to Cagamas Berhad	-	-	30,483	1,446,646	561,183	-	-	2,038,312	4.66
Other liabilities	223,414	-	-	-	-	698,642	18,661	940,717	2.80
Provision taxation and zakat	-	-	-	-	-	-	-	-	-
Subordinated obligations	-	-	-	1,368,080	-	-	-	1,368,080	6.63-6.85
	29,572,733	6,861,882	10,775,230	4,529,601	615,939	13,612,643	18,661	65,986,689	
									Effective dividend rate %
INCPS	-	-	-	1,368,099	-	-	-	1,368,099	8.00-10.00
Shareholders' equity	-	-	-	-	-	3,965,335	-	3,965,335	-
Total liabilities and shareholders' equity	29,572,733	6,861,882	10,775,230	5,897,700	615,939	17,577,978	18,661	71,320,123	
Total interest-sensitivity gap	10,358,938	(59,989)	(5,408,414)	1,838,167	4,156,526	(11,607,186)	721,958	-	

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity Risk

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

Liquidity is assessed based on the contractual and behavioural cash flow of assets, liabilities and off-balance sheet commitments, taking into account consideration of realisable cash value of eligible liquefiable securities. The Bank sets limits on the minimum portion of maturing funds available to meet obligations and the minimum level of inter-bank and other borrowing facilities, to ensure adequate cover for withdrawals at unexpected level of demand. Defined ratios of positive Net Cash Inflow are maintained and closely monitored. The Bank constantly ensures compliance with Bank Negara Malaysia's Liquidity Framework. The Bank's liquidity framework is subject to periodic stress tests and the results are constantly reviewed.

(d) Credit Risk

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

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

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. In the first half of 2005, the credit policy has been updated and revised to incorporate further market best practices.

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.

A risk rating system is used to categorize the risk of individual credits and determine whether the Bank is adequately compensated. Client accounts are reviewed at regular intervals and weakening credits are transferred to the Loan Recovery Division for more effective management.

The 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.

The bank is committed to its Basel II journey. To this end, the bank has beefed up its Basel 2 Programme Office with additional dedicated resources.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit Risk (continued)

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

Group	Short-term funds and deposits & placements with financial institutions RM'000	Securities purchased under resale agreements RM'000	Securities held for trading RM'000	Securities available- for-sale 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
31.12.2005									
Agriculture	-	-	-	-	19,144	1,771,351	1	1,790,496	724,014
Mining and quarrying	-	-	-	-	-	55,925	-	55,925	50,323
Manufacturing	-	-	85,714	162,375	242,359	8,699,850	-	9,190,298	10,058,107
Electricity, gas and water	-	-	155,219	18,969	-	295,093	904	470,185	350,807
Construction	-	-	4,912	-	15,177	2,394,248	-	2,414,337	2,589,218
Real estate	-	-	-	45,593	65,207	1,146,505	-	1,257,305	357,829
Purchase of landed property	-	-	-	-	-	13,015,195	479	13,015,674	1,648,576
General commerce	-	-	-	22,811	18,187	5,622,178	-	5,663,176	5,618,727
Transport, storage and communication	-	-	-	38,193	1,981,377	2,771,719	-	4,791,289	1,027,412
Finance, insurance and business services	12,527,176	2,213,042	278,131	1,202,862	8,490,343	2,268,528	132,035	27,112,117	9,861,338
Government and government agencies	-	6,449	1,231,944	203,417	3,080,650	309,186	132,801	4,964,447	705,603
Purchase of securities	-	-	-	3,298	-	1,836,108	-	1,839,406	219,413
Purchase of transport vehicles	-	-	-	-	-	4,343,932	-	4,343,932	131,636
Consumption credit	-	-	-	-	-	2,730,995	-	2,730,995	2,897,117
Others	-	-	-	-	166,145	1,282,825	375,554	1,824,524	4,124,695
	12,527,176	2,219,491	1,755,920	1,697,518	14,078,589	48,543,638	641,774	81,464,106	40,364,815

Excludes general allowance amounting to RM909,527,000.

* Other financial assets comprises of bank balances and other receivables.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit Risk (continued)

Group	Short-term funds and deposits & placements with financial institutions RM'000	Securities purchased under resale agreements RM'000	Securities held for trading RM'000	Securities available- for-sale 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
31.12.2004									
Agriculture	-	-	-	-	18,353	1,214,759	-	1,233,112	764,266
Mining and quarrying	-	-	-	-	-	114,296	-	114,296	62,117
Manufacturing	-	-	-	232,301	384,784	8,972,983	-	9,590,068	9,182,161
Electricity, gas and water	-	-	88,221	105,772	-	431,443	498	625,934	304,919
Construction	-	-	-	36,772	225,698	2,530,665	-	2,793,135	2,603,903
Real estate	-	-	54,390	137,944	163,573	961,390	-	1,317,297	389,426
Purchase of landed property	-	-	-	459	-	12,239,517	-	12,239,976	1,964,847
General commerce	-	-	-	-	-	4,913,710	92	4,913,802	4,528,540
Transport, storage and communication	-	-	-	-	1,984,827	1,245,798	-	3,230,625	1,034,160
Finance, insurance and business services	11,682,613	40,458	457,871	2,785,907	3,796,981	2,572,052	283,297	21,619,179	13,398,326
Government and government agencies	-	-	332,597	2,831,276	3,997,342	820,405	95,109	8,076,729	-
Purchase of securities	-	-	-	7,383	-	1,739,626	-	1,747,009	197,208
Purchase of transport vehicles	-	-	-	-	-	2,525,779	-	2,525,779	83,427
Consumption credit	-	-	-	-	-	2,567,844	-	2,567,844	4,071,378
Others	-	-	-	3,800	47,834	1,064,482	222,620	1,338,736	2,700,802
	11,682,613	40,458	933,079	6,141,614	10,619,392	43,914,749	601,616	73,933,521	41,285,480

Excludes general allowance amounting to RM809,746,000.

* Other financial assets comprises of bank balances and other receivables.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit Risk (continued)

Bank	Short-term funds and deposits & placements with financial institutions RM'000	Securities purchased under resale agreements RM'000	Securities held for trading RM'000	Securities available- for-sale 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
31.12.2005									
Agriculture	-	-	-	-	19,144	1,310,870	-	1,330,014	578,031
Mining and quarrying	-	-	-	-	-	42,771	-	42,771	50,131
Manufacturing	-	-	-	162,062	242,359	6,444,106	-	6,848,527	9,312,078
Electricity, gas and water	-	-	-	18,969	-	109,243	-	128,212	221,357
Construction	-	-	-	-	15,177	2,115,989	-	2,131,166	2,520,053
Real estate	-	-	-	45,593	65,207	939,549	-	1,050,349	354,167
Purchase of landed property	-	-	-	-	-	11,843,007	-	11,843,007	1,512,912
General commerce	-	-	-	22,811	18,187	5,003,477	-	5,044,475	5,197,849
Transport, storage and communication	-	-	-	38,193	1,981,377	2,204,749	-	4,224,319	969,971
Finance, insurance and business services	13,902,004	2,213,042	249,057	1,171,371	7,713,974	2,466,492	382,966	28,098,906	9,548,856
Government and government agencies	-	6,449	641,435	70,984	2,788,382	309,186	64,743	3,881,179	705,588
Purchase of securities	-	-	-	3,298	-	1,487,847	-	1,491,145	219,413
Purchase of transport vehicles	-	-	-	-	-	24,720	-	24,720	1,470
Consumption credit	-	-	-	-	-	2,702,796	-	2,702,796	2,897,117
Others	-	-	-	-	-	762,614	390,402	1,153,016	3,593,655
	13,902,004	2,219,491	890,492	1,533,281	12,843,807	37,767,416	838,111	69,994,602	37,682,648

Excludes general allowance amounting to RM676,608,000.

* Other financial assets comprises of bank balances and other receivables.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit Risk (continued)

Bank	Short-term funds and deposits & placements with financial institutions RM'000	Securities purchased under resale agreements RM'000	Securities held for trading RM'000	Securities available- for-sale 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
31.12.2004									
Agriculture	-	-	-	-	18,353	1,128,159	-	1,146,512	710,563
Mining and quarrying	-	-	-	-	-	32,611	-	32,611	56,366
Manufacturing	-	-	-	298,759	384,784	7,476,712	-	8,160,255	8,959,174
Electricity, gas and water	-	-	-	38,910	-	306,098	-	345,008	304,785
Construction	-	-	-	36,772	225,698	2,339,561	-	2,602,031	2,561,540
Real estate	-	-	54,390	137,944	163,573	895,008	-	1,250,915	389,256
Purchase of landed property	-	-	-	459	-	12,278,713	-	12,279,172	1,959,424
General commerce	-	-	-	-	-	4,603,883	-	4,603,883	4,509,267
Transport, storage and communication	-	-	-	-	1,984,827	927,591	-	2,912,418	942,222
Finance, insurance and business services	11,832,838	40,458	457,870	2,750,472	3,712,924	2,600,016	266,224	21,660,802	13,179,909
Government and government agencies	-	-	197,280	2,831,276	3,650,537	820,405	93,310	7,592,808	-
Purchase of securities	-	-	-	7,383	-	1,733,755	-	1,741,138	184,185
Purchase of transport vehicles	-	-	-	-	-	5,309	-	5,309	2,158
Consumption credit	-	-	-	-	-	2,563,858	-	2,563,858	4,071,378
Others	-	-	-	-	-	580,314	220,131	800,445	2,523,150
	11,832,838	40,458	709,540	6,101,975	10,140,696	38,291,993	579,665	67,697,165	40,353,377

Excludes general allowance amounting to RM684,630,000.

* Other financial assets comprises of bank balances and other receivables.

notes to the financial statements

for the financial year ended 31 December 2005

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The management of operational risk is an important feature of sound risk management practice in today's banking operations. Policies and procedures, internal controls and internal reviews or compliance monitoring and audit processes are primary means to control operational risk. The operational risk function is responsible for development of bank-wide operational risk policies, frameworks and methodologies, and providing inputs to the business units on the operational risk areas. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Operating processes and policies are continually being refined and strengthened to prevent or minimize unexpected losses.

As the Bank implements its Basel II initiatives, Operational Risk Management Department is putting in place the key risk indicators (KRIs) and operational risk self assessment (ORSA) to support various business units and support group to manage and monitor their operational risk more effectively.

The Bank has its ongoing business continuity planning (BCP) programme for its major critical business operations and activities at the Head Office, Datacentre and branches locations. The BCP programme is subject to regular testings to ensure efficacy, reliability and functionality.

The Human Resource Division has in place an established policy and procedures in ensuring quality people with integrity are recruited, trained and retained. Operational risk awareness training is also part of the bank's Learning Centre/HR initiatives for targeted staff.

All new products/services introduced by the Bank are evaluated by RMD before they are being endorsed by RMC and subsequently approved by the Board.

(f) Information Technology ('IT') Risk

As for IT risk, there is a continuous process of risk assessment and risk mitigation on the existing hardware, software and the processes.

IT risk management is the process that balances the operational and economic costs of protective measures of IT systems and data against the goal of the organization.

Dedicated disaster recovery planning (DRP) hot site is established for the mainframe system, as well as for the other specific software systems that Bank has.

The Bank allocates substantial time and dedicated staff to constantly review, revamp and develop new policy and procedures to cater for the constant change of the financial industry.

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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.

notes to the financial statements

for the financial year ended 31 December 2005

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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 futures 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 24) which requires fair value information to be disclosed. These include property, plant and equipment, investment in subsidiary and associated companies and intangibles.

Therefore, for a significant portion of the Group and the Bank'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 and the Bank could have realised in a sales transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the Group and the Bank's underlying value as a going concern.

Furthermore, it is the Group and the Bank'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 the estimated fair values of those financial assets and liabilities not presented on the Group and the Bank balance sheet at their fair value:

31.12.2005	Group		Bank	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
<u>Financial assets</u>				
Securities held-to-maturity	14,078,589	14,074,966	12,843,807	12,833,531
Loans, advances and financing	47,634,111	47,944,342	37,090,808	37,090,808
<u>Financial liabilities</u>				
Recourse obligation on loans sold to Cagamas Berhad	3,356,992	3,365,638	2,006,549	2,018,200
Subordinated obligations	1,365,252	1,416,859	1,365,252	1,416,859
INCPS	1,368,099	2,376,880	1,368,099	2,376,880

notes to the financial statements

for the financial year ended 31 December 2005

38 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

31.12.2004	Group		Bank	
	Carrying value RM'000	Estimated fair value RM'000	Carrying value RM'000	Estimated fair value RM'000
<u>Financial assets</u>				
Securities held-to-maturity	10,619,392#	10,561,728	10,140,696#	10,083,243
Loans, advances and financing	43,105,003	43,206,465	37,607,363	37,607,363
<u>Financial liabilities</u>				
Recourse obligation on loans sold to Cagamas Berhad	3,366,851	3,372,081	2,038,312	2,092,928
Subordinated obligations	1,368,080	1,446,025	1,368,080	1,446,025
INCPS	1,368,099	2,322,704	1,368,099	2,322,704

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.

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

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.

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 rates loans are represented by their carrying value, net of specific allowance being the expected recoverable amount.

Recourse obligation on loans sold to Cagamas Berhad

For amount due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amount due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining periods to maturity.

Subordinated obligations

The estimated fair value of subordinated bonds is generally based on quoted and observable market prices at the balance sheet date.

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.

notes to the financial statements

for the financial year ended 31 December 2005

39 CAPITAL ADEQUACY

	Group		Bank	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
<u>Tier I Capital</u>				
Paid-up ordinary share capital	1,949,986	1,949,986	1,949,986	1,949,986
Paid-up INCPS	1,368,099	1,368,099	1,368,099	1,368,099
Share premium	8,563	8,563	8,563	8,563
Retained profits	780,262	710,011	714,771	718,790
Other reserves	1,593,144	1,462,223	1,525,017	1,405,221
	5,700,054	5,498,882	5,566,436	5,450,659
Less: Goodwill	(1,004,017)	(1,004,955)	(892,012)	(892,950)
Deferred tax assets	(240,038)	(204,175)	(171,138)	(168,343)
Deferred tax liabilities	8	22	-	-
Total Tier I capital	4,456,007	4,289,774	4,503,286	4,389,366
<u>Tier II Capital</u>				
Subordinated obligations	1,365,252	1,368,080	1,365,252	1,368,080
General allowance for bad and doubtful debts and financing	909,527	809,746	716,861	730,230
Total Tier II capital	2,274,779	2,177,826	2,082,113	2,098,310
Less:				
Investment in subsidiaries	-	-	(1,189,533)	(592,171)
Holdings of other financial institutions capital instruments	(43,710)	-	(43,710)	-
Total capital base	6,687,076	6,467,600	5,352,156	5,895,505
<u>Capital ratios</u>				
Before proposed dividend:				
Core capital ratio	8.6%	9.3%	10.6%	10.6%
Risk-weighted capital ratio	12.9%	14.0%	12.6%	14.2%
After proposed dividends:				
Core capital ratio	8.4%	9.1%	10.4%	10.4%
Risk-weighted capital ratio	12.8%	13.8%	12.5%	14.0%

notes to the financial statements

for the financial year ended 31 December 2005

39 CAPITAL ADEQUACY (CONTINUED)

Group	31.12.2005		31.12.2004	
	Principal RM'000	Risk Weighted RM'000	Principal RM'000	Risk Weighted RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:				
(i) Credit Risk				
0%	20,014,790	–	21,454,735	–
10%	1,265,392	126,539	1,135,604	113,560
20%	11,370,103	2,274,021	10,122,403	2,024,481
50%	11,279,456	5,639,728	11,612,956	5,806,478
100%	42,720,341	42,720,341	38,158,229	38,158,229
	86,650,082	50,760,629	82,483,927	46,102,748
(ii) Market Risk Capital Adequacy Framework#		1,021,505		–
Total risk-weighted assets		51,782,134		46,102,748

Bank	31.12.2005		31.12.2004	
	Principal RM'000	Risk Weighted RM'000	Principal RM'000	Risk Weighted RM'000
The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:				
(i) Credit Risk				
0%	16,293,001	–	21,077,024	–
10%	1,124,844	112,484	1,040,681	104,068
20%	15,338,926	3,067,785	10,094,908	2,018,982
50%	10,123,747	5,061,874	11,537,077	5,768,538
100%	33,126,779	33,126,779	33,371,160	33,371,160
	76,007,297	41,368,922	77,120,850	41,262,748
(ii) Market Risk Capital Adequacy Framework#		985,499		–
Total risk-weighted assets		42,354,421		41,262,748

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.

The Bank figures include the operations of RHB Bank (L) Ltd.

Pursuant to Bank Negara Malaysia's circular, "Recognition of Deferred Tax Assets ('DTA') and Treatment of DTA for RWCR Purposes" dated 8 August 2003, deferred tax income/(expense) is excluded from the computation of Tier I capital and deferred tax assets are excluded from the calculation of risk weighted assets.

notes to the financial statements

for the financial year ended 31 December 2005

40 SEGMENT INFORMATION

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

All inter-segment transactions are conducted on an arms-length basis and on normal commercial terms not more favourable than those generally available to the public.

(a) Primary reporting format – by business segment

The Group's business segment 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, multinationals corporations (including Japanese), Financial Institutions, Government and state owned entities, small and medium enterprises. Included under Wholesale Banking are offshore banking activities carried out by RHB Bank (L) Ltd which borrowings 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 predominant to middle market customers.

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 & money market

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

Islamic Banking

Islamic Banking 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.

Others

Other business segments in the Group include nominee services, property investment and rental, dormant operations and other related financial services, whose 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

40 SEGMENT INFORMATION (CONTINUED)

Group	Wholesale Banking RM'000	Retail Banking RM'000	Treasury & Money Market RM'000	Islamic RM'000	Others RM'000	Elimination RM'000	Total RM'000
12 month year ended 31.12.2005							
External revenue	1,464,697	1,436,183	909,170	147,635	10,798	–	3,968,483
Inter-segment revenue	8,389	–	79,179	–	4,013	(91,581)	–
Total revenue	1,473,086	1,436,183	988,349	147,635	14,811	(91,581)	3,968,483
Segment results	358,954	247,605	265,868	107,123	7,948	–	987,498
Subordinated obligations							(92,549)
Unallocated expenses							(271,208) ¹
Profit from operations							623,741
Share of results of an associate							542
Profit before INCPS dividend and taxation							624,283
INCPS dividend							(136,842)
Taxation and zakat							(109,704)
Net profit for the financial year							377,737
18 months period ended 31.12.2004							
External revenue	2,105,690	1,742,320	929,453	197,068	17,850	–	4,992,381
Inter-segment revenue	4,348	–	14,365	–	327	(19,040)	–
Total revenue	2,110,038	1,742,320	943,818	197,068	18,177	(19,040)	4,992,381
Segment results	528,586	382,157	271,244	67,971	2,783	–	1,252,741
Subordinated obligations							(139,427)
Unallocated expenses							(384,857) ¹
Profit from operations							728,457
Share of results of an associate							2,702
Profit before INCPS dividend and taxation							731,159
INCPS dividend							(189,082)
Taxation and zakat							(111,529)
Net profit for the financial period							430,548

notes to the financial statements

for the financial year ended 31 December 2005

40 SEGMENT INFORMATION (CONTINUED)

Group	Wholesale	Retail	Treasury &				
31.12.2005	Banking	Banking	Money	Islamic	Others	Elimination	Total
	RM'000	RM'000	Market	RM'000	RM'000	RM'000	RM'000
			RM'000				
<u>Other information</u>							
Segment assets	26,593,861	20,984,409	28,450,691	7,309,277	215,287	(1,064,989)	82,488,536
Deferred taxation assets							240,038
Tax recoverable							17,449
Investment in an associate							4,198
Unallocated assets							1,001,272
Goodwill							1,004,017
Total assets							84,755,510
Segment liabilities	24,321,773	18,069,763	28,873,186	7,057,030	161,501	(1,321,386)	77,161,867
Deferred taxation liabilities							8
Taxation and zakat							19,214
Subordinated obligations							1,365,252
Unallocated liabilities							503,973
INCPs							79,050,314
							1,368,099
<u>Other segment items</u>							
Capital expenditure	3,840	20,413	3,522	6,485	123		34,383 ²
Depreciation	2,630	36,420	2,896	576	804		43,326 ²
Impairment loss	93,742	–	(3)	–	(896)		92,843
Other non-cash expense other than depreciation and impairment loss	310,880	262,449	12,385	16,430	68		602,212 ⁴

notes to the financial statements

for the financial year ended 31 December 2005

40 SEGMENT INFORMATION (CONTINUED)

Group	Wholesale		Retail		Treasury & Money		Islamic	Others	Elimination	Total
	Banking	Banking	Banking	Banking	Market	Market				
31.12.2004	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Other information</u>										
Segment assets	26,123,402	17,390,876	26,660,049	6,203,333	158,342	(1,628,152)	74,907,850			
Deferred taxation assets							204,175			
Tax recoverable							26,831			
Investment in an associate							4,601			
Unallocated assets							938,990			
Goodwill							1,004,955			
Total assets										77,087,402
Segment liabilities	25,828,795	16,476,494	23,135,488	5,706,423	161,080	(1,642,746)	69,665,534			
Deferred taxation liabilities							22			
Taxation and zakat							261			
Subordinated obligations							1,368,080			
Unallocated liabilities							576,043			
										71,609,940
INCPs										1,368,099
<u>Other segment items</u>										
Capital expenditure	6,500	59,629	10,613	627	218		77,587 ²			
Depreciation	3,580	68,991	2,864	429	1,168		77,032 ²			
Impairment loss	11,682	–	8,210	–	12,376		32,268 ³			
Other non-cash expense other than depreciation and impairment loss	582,167	196,667	29,889	66,178	1,063		875,964 ⁴			

Note:

1. Unallocated expenses are expenses incurred by Head Office Support Divisions which are not directly attributed to the business segments and cannot be allocated on a reasonable basis.
2. Excluding capital expenditure and depreciation of Head Office Support Divisions that are unable to be directly attributed to business segments on a reasonable basis amounting to RM28,576 thousand (31.12.2004 : RM61,720 thousand) and RM48,844 thousand (31.12.2004 : RM68,246 thousand) respectively.
3. Included in impairment loss are impairment losses on certain of the Bank's vacant properties of RM4,513 thousand.
4. Included in other non-cash expense other than depreciation and impairment loss are loan loss and provisioning, interest-in-suspense and accretion of discount less amortization of premium.

notes to the financial statements

for the financial year ended 31 December 2005

40 SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format - by geographical segment

The geographical information is prepared based on the location of the assets.

Group	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
<u>Total revenue</u>		
Malaysia	3,796,633	4,836,866
Outside Malaysia	171,850	179,608
Total	3,968,483	5,016,474
	As at 31.12.2005 RM'000	As at 31.12.2004 RM'000
<u>Total assets</u>		
Malaysia	80,207,414	72,982,319
Outside Malaysia	4,548,096	4,105,083
Total	84,755,510	77,087,402
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
<u>Capital expenditure</u>		
Malaysia	60,623	127,870
Outside Malaysia	2,336	11,437
Total	62,959	139,307

notes to the financial statements

for the financial year ended 31 December 2005

41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Approval to establish an Islamic Banking Subsidiary

On 2 February 2005, RHB Capital Berhad ('RHBC') announced the incorporation of RHB Islamic Bank Berhad ('RHB Islamic Bank'), a wholly owned subsidiary of RHB Bank Berhad ('RHB Bank'), which in turn is a 70% subsidiary of RHBC.

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, RHBC 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 is also the date RHB Islamic Bank began its operation.

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 RM 1.00 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').

On 27 April 2005, the Final Transfer Consideration has been determined at RM523,424,000, after the statement of assets and liabilities of the Islamic Banking business of RHB Bank as at the cut-off date was prepared and finalised in accordance with the terms of the business transfer agreement and satisfied in two tranches with the first tranche of RM455,642,000 ordinary shares issued at par on 16 March 2005 and the second and final tranche of RM67,782,000 ordinary shares issued on the date of the said announcement.

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 RM523,424,002 ordinary shares of RM1.00 each, all of which has been credited as fully paid-up.

The assets and liabilities of the Bank's Islamic Banking Business which were transferred to RHB Islamic Bank are set out below:

Assets transferred	RM'000
Cash and short term funds	1,273,377
Deposits and placements with financial institutions	199,000
Dealing securities	655,688
Investment securities	784,213
Financing and other advances	3,543,727
Other assets	12,348
Statutory deposits with Bank Negara Malaysia	121,174
Property, plant and equipment	606
Deferred taxation asset	21,577
	<hr/>
	6,611,710

notes to the financial statements

for the financial year ended 31 December 2005

41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (a) Approval to establish an Islamic Banking Subsidiary (continued)

Liabilities transferred	RM'000
Deposits from customers	4,678,209
Deposits and placements of banks and financial institutions	1,008,570
Bills and acceptances payable	344,129
Zakat	398
Amount due to head office	22,135
Other liabilities	34,845
Total liabilities	<u>6,088,286</u>
Net assets transferred	<u>523,424</u>

- (b) Proposed merger of RHB Bank Berhad ('RHB Bank') and RHB Delta Finance Berhad's ('RHB Delta Finance') operations

RHBC announced on 12 September 2005 that RHB Bank has on 9 September 2005 submitted a comprehensive and detailed joint application with RHB Delta Finance to BNM for the proposed merger of the operations of RHB Delta Finance with that of RHB Bank.

On 12 December 2005, RHBC announced that the transfer of finance company business of RHB Delta Finance to RHB Bank have been approved by Minister of Finance.

The vesting order from the High Court for the transfer and vesting of the assets and liabilities, with the exception of certain Islamic assets and liabilities of RHB Delta Finance to RHB Bank has been obtained on 29 December 2005, and which vesting is to take effect on 1 January 2006 ('Effective Date'). From the Effective Date, amongst others, RHB Leasing Sdn Bhd and RHB Delta Nominees (Tempatan) Sdn Bhd will become a direct subsidiary of RHB Bank.

RHB Delta Finance is a wholly-owned subsidiary of RHB Bank which in turn is a 70% owned subsidiary of RHBC.

With the granting of the said vesting order, all assets and liabilities of RHB Delta Finance with the exception of the Islamic assets and liabilities, were transferred to RHB Bank with effect from the Effective Date. Hence, with the said vesting, all businesses and operations of RHB Delta will be conducted through RHB Bank.

With effect from the Effective Date, all Islamic assets and liabilities of RHB Delta Finance were transferred to RHB Islamic Bank.

With effect from 3 January 2006, all, except four of the RHB Delta Finance's branches will be merged to the Bank's nearest branches. The four RHB Delta Finance's branches in Limbang, Kapit, Marudi, and Sri Aman will be re-categorised as the Bank's branches and will provide fully integrated bank and finance company services.

notes to the financial statements

for the financial year ended 31 December 2005

41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (b) Proposed merger of RHB Bank Berhad ('RHB Bank') and RHB Delta Finance Berhad's ('RHB Delta Finance') operations (continued)

The assets and liabilities of RHB Delta Finance which were transferred to the Bank are set out in the table below:

Assets transferred	RM'000
Cash and short-term funds	727,701
Securities purchased under resale agreement	50,000
Deposits and placements with banks and other financial institutions	50
Securities available-for-sale (AFS)	3,149
Securities held-to-maturity	256,655
Gross loans, advances and financing	6,130,161
Less: – specific provision	(142,534)
– general provision	(107,790)
Other assets	13,920
Deferred tax assets	35,898
Tax recoverable	20,214
Statutory deposits with Bank Negara Malaysia	202,951
Investment in subsidiaries	63,976
Property, plant and equipment	13,557
	<hr/>
	7,267,908
Liabilities transferred	
Deposits from customers	1,082,131
Deposits and placements of banks and financial institutions	4,151,474
Recourse obligation on loans sold to Cagamas Berhad	1,350,443
Other liabilities	90,433
	<hr/>
	6,674,481
Net assets transferred	<hr/>
	593,427

The banking licence of RHB Delta Finance was surrendered on 11 January 2006.

notes to the financial statements

for the financial year ended 31 December 2005

42 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

(a) Changes in Accounting Policies

During the year, the Group has adopted the revised guidelines on Financial Reporting for Licensed Institution (BNM/GP8), which have resulted in the following new accounting policies: -

(1) Classification and Accounting Policies

With implementation of the revised BNM/GP8, securities held by the Group are segregated based on the following categories and valuation method:

(i) Held for Trading Securities

Securities are classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or it 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 statements.

(ii) Held-to-Maturity Securities

Held-to-maturity securities 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.

(iii) Available-for-Sale Securities

Securities available-for-sale are financial assets that are not classified as held for trading or held-to-maturity securities. Securities available-for-sale are measured at fair value at initial recognition. Equity instruments that do not have a quoted market price in an active market and whose fair value 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 losses and foreign exchange gains and losses, until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be transferred to the income statements.

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

Dividends on available-for-sale equity instruments are recognised in the income statement when the right to receive payment is 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 value using valuation techniques. These include the use of recent arm 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.

notes to the financial statements

for the financial year ended 31 December 2005

42 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)

(a) Changes in Accounting Policies (continued)

(2) Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is 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 options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (ie. 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 (ie. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day one.

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.

(i) 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 asset or liability 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 profit or loss 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.

(ii) 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 or loss relating to the ineffective portion is recognised immediately in the income statement.

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

notes to the financial statements

for the financial year ended 31 December 2005

42 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)

(a) Changes in Accounting Policies (continued)

(2) Derivatives (continued)

(ii) Cash flow hedge (continued)

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.

(iii) 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.

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. Gains and losses 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. Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current financial period using the mark-to-market method, and are included in the income statement.

(3) Interest income recognition

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 income statement and set off against the accrued interest receivable account in the balance sheet. Subsequently, the interest earned on non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

notes to the financial statements

for the financial year ended 31 December 2005

42 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)

(b) Prior Year Adjustments

The changes in accounting policies as described were applied retrospectively and have impact to the opening reserves and results of the Group and the Bank. As such, the Group's and Bank's figures are restated as follows:

	Group		Bank	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Effects on retained profits:				
As previously reported	710,157	593,296	630,039	602,676
Effects of adopting the fair value accounting for securities held for trading	33,894	63,799	355	22,310
MTM on derivative	(29,492)	(22,179)	(6,175)	16,808
Effects on transfer to deferred taxation assets on fair value accounting	653	(12,653)	653	(12,653)
Transfer to statutory reserve	(5,201)	(5,201)	(5,201)	(5,201)
As restated	710,011	617,062	619,671	623,940
Effects on AFS reserve:				
As previously reported	–	–	–	–
Effects of adopting the fair value accounting for securities available-for-sale	(29,849)	(15,506)	(30,507)	(29,235)
Effects on deferred taxation assets on fair value accounting	8,429	8,186	8,542	8,186
As restated	(21,420)	(7,320)	(21,965)	(21,049)

notes to the financial statements

for the financial year ended 31 December 2005

42 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONTINUED)

(c) Comparative Figures

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

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(i) Balance as at 31 December 2004				
Dealing securities	–	5,046,422	–	5,045,108
Investment securities	–	12,891,922	–	12,180,402
Securities held for trading	933,079	–	709,540	–
Securities available-for-sale	6,389,918	–	6,345,122	–
Securities held-to-maturity	10,619,392	–	10,140,696	–
Deferred taxation assets	204,175	195,093	168,343	159,147
Other assets	262,375	277,307	246,148	261,081
Other liabilities	1,127,820	1,113,260	940,717	949,473
Reserves	2,159,377	2,175,742	2,015,349	2,042,481
(ii) Income statement for the 18 months period ended 31 December 2004				
Other operating income	665,537	676,441	710,504	723,523
Operating profit	1,446,952	1,462,262	1,267,478	1,295,840
Allowance for impairment loss	(19,499)	–	(16,577)	–
Profit before INCPS dividend, zakat and taxation	731,159	765,968	594,500	639,439
Profit after INCPS dividend but before zakat and taxation	542,077	576,886	405,418	450,357
Net profit for the financial period	430,548	454,460	307,542	339,174

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS

	Note	Group		Bank	
		12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months* year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Income derived from investment of depositors' funds	a	261,588	320,383	50,395	320,383
Income derived from investment of shareholder's funds	a	39,572	40,201	5,358	39,843
Allowance for losses on financing, advances and other loans	b	(5,101)	(63,153)	(1,290)	(63,171)
Transfer (to)/from profit equalisation reserve		(13,277)	6,970	(5,275)	6,970
Total distributable income		282,782	304,401	49,188	304,025
Income attributable to depositors	a	(140,248)	(170,486)	(26,793)	(170,486)
Total net income		142,534	133,915	22,395	133,539
Personnel expenses	c	(16,452)	(12,334)	(1,776)	(12,258)
Other operating expenses	c	(46,227)	(7,036)	(871)	(7,034)
Profit before taxation and zakat		79,855	114,545	19,748	114,247
Zakat		(921)	(3)	–	–
Taxation	d	(17,352)	21,179	398	21,179
Net profit for the financial year/period		61,582	135,721	20,146	135,426
Total distributable income before allowances for losses on financing and advances		287,883	367,554	50,478	367,196
Income attributable to depositors		(140,248)	(170,486)	(26,793)	(170,486)
Income from Islamic Banking Business		147,635	197,068	23,685	196,710

* Note

Islamic Banking business of RHB Bank was vested to RHB Islamic Bank subsisting as of 15 March 2005. The vesting took effect on 16 March 2005 which is also the date RHB Islamic Bank began its operation. The income statement above for 12 months ended 31 December 2005 is with respect to Islamic Banking business for 2 1/2 months up to 15 March 2005. Please refer to note 41(a).

The accompanying notes 43(a) to 43(d) form an integral part of these financial statements.

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(a) Income derived from investment of depositors' funds and shareholders' funds

Income derived from investment of depositors funds and others are as follows:

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Income derived from investment of:-				
(i) General investment deposit	78,211	112,129	19,656	112,129
(ii) Other deposits	183,377	208,254	30,739	208,254
	261,588	320,383	50,395	320,383

(i) Income derived from investment of general investment deposits

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Finance income and hibah				
Financing, advances and other loans	52,035	76,089	13,588	76,089
Securities held for trading	3,568	12,475	1,131	12,475
Securities available-for-sale	87	–	–	–
Securities held-to-maturity	2,549	5,126	685	5,126
Money at call and deposit with bank and other financial institutions	10,905	5,347	2,219	5,347
	69,144	99,037	17,623	99,037
Amortisation of premium less accretion of discount	5,906	10,423	1,559	10,423
Total finance income and hibah	75,050	109,460	19,182	109,460
Other operating income	3,161	2,669	474	2,669
	78,211	112,129	19,656	112,129

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(a) Income derived from investment of depositors' funds and shareholders' funds (continued)

(i) Income derived from investment of general investment deposits (continued)

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
a) Fee income				
Commission	432	904	117	904
Guarantee fees	23	263	3	263
	455	1,167	120	1,167
b) Gain/loss arising from sale/redemption of securities				
Net gain from sale of securities held for trading	1,166	(1,545)	354	(1,545)
Net gain from sale of securities available-for-sale	1,016	–	–	–
Net gain from early redemption of securities held-to-maturity	–	3,047	–	3,047
Unrealised gain/(losses) from revaluation of trading securities	524	–	–	–
	2,706	1,502	354	1,502
Total other operating income	3,161	2,669	474	2,669

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(a) Income derived from investment of depositors' funds and shareholders' funds (continued)

(ii) Income derived from investment of specific investment deposits

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Finance income and hibah				
Financing, advances and other loans	122,133	141,318	21,251	141,318
Securities held for trading	9,218	23,170	1,768	23,170
Securities available-for-sale	228	–	–	–
Securities held-to-maturity	5,887	9,520	1,071	9,520
Money at call and deposit with bank and other financial institutions	25,231	9,931	3,470	9,931
	162,697	183,939	27,560	183,939
Amortisation of premium less accretion of discount	13,461	19,358	2,438	19,358
Total finance income and hibah	176,158	203,297	29,998	203,297
Other operating income	7,219	4,957	741	4,957
	183,377	208,254	30,739	208,254
a) Fee income				
Commission	993	1,678	183	1,678
Guarantee fees	57	488	5	488
	1,050	2,166	188	2,166
b) Gain/loss arising from sale/redemption of securities				
Net gain from sale of securities held for trading	2,333	(2,869)	553	(2,869)
Net gain from sale of securities available-for-sale	2,554	–	–	–
Net gain from early redemption of securities held-to-maturity	–	5,660	–	5,660
Unrealised gain/(losses) from revaluation of trading securities	1,282	–	–	–
	6,169	2,791	553	2,791
Total other operating income	7,219	4,957	741	4,957

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(a) Income derived from investment of depositors' funds and shareholders' funds (continued)

(iii) Income derived from investment of shareholder's funds

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Finance income and hibah				
Financing, advances and other loans	15,493	20,969	2,891	20,849
Securities held for trading	1,109	3,418	241	3,418
Securities available-for-sale	29	–	–	–
Securities held-to-maturity	750	1,405	146	1,405
Money at call and deposit with bank and other financial institutions	3,378	1,703	472	1,465
	20,759	27,495	3,750	27,137
Amortisation of premium less accretion of discount	1,726	2,856	332	2,856
Total finance income and hibah	22,485	30,351	4,082	29,993
Other operating income	17,087	9,850	1,276	9,850
	39,572	40,201	5,358	39,843
a) Fee income				
Commission	127	247	25	247
Service charges and fees	13,774	7,344	689	7,344
Guarantee fees	8	72	1	72
Underwriting fees	1,015	–	–	–
Other fee income	1,357	1,775	486	1,775
	16,281	9,438	1,201	9,438
b) Gain/loss arising from sale/redemption of securities				
Net gain from sale of securities held for trading	316	(423)	75	(423)
Net gain from sale of securities available-for-sale	325	–	–	–
Net gain from early redemption of securities held-to-maturity	–	835	–	835
Unrealised gain/(losses) from reevaluation of trading securities	165	–	–	–
	806	412	75	412
Total other operating income	17,087	9,850	1,276	9,850

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(a) Income derived from investment of depositors' funds and shareholders' funds (continued)

(iv) Income attributable to depositors

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Deposits from customers				
– Mudharabah funds	86,067	91,924	14,499	91,924
– Non-mudharabah funds	17,527	36,312	3,995	36,312
Deposits and placements of banks and other financial institutions				
– Mudharabah funds	1,213	2,957	316	2,957
– Non-mudharabah funds	35,441	39,293	7,983	39,293
	140,248	170,486	26,793	170,486

(b) Allowance for losses on financing, advances and other loans

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Allowance for bad and doubtful debt on financing				
Specific allowance				
– Made in the financial year	9,884	51,138	965	51,138
– Written back	(2,788)	(11,042)	(1,081)	(11,042)
General allowance				
– Made in the financial year	(1,947)	23,152	1,420	23,148
– Written back	(5)	(21)	–	–
Bad debts on loans and financing				
– Recovered	(43)	(74)	(14)	(73)
	5,101	63,153	1,290	63,171

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(c) Operating expenses

	Group		Bank	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
<u>Personnel cost</u>				
– Salaries and wages	9,600	8,972	1,274	8,919
– Allowances and bonuses	3,726	701	109	695
– Others	3,126	2,661	393	2,644
	16,452	12,334	1,776	12,258
<u>Establishment cost</u>				
– Depreciation	576	429	78	429
– Rental of premises	882	1,094	139	1,094
– Rental equipment	43	20	8	20
– Insurance	77	77	5	77
– Water and electricity	107	89	25	89
– Repair and maintenance	91	22	5	22
– Information technology expenses	182	120	22	120
– Others	1,357	1,047	178	1,045
	3,315	2,898	460	2,896
<u>Marketing expenses</u>				
– Advertisement and publicity	3,521	684	3	684
– Others	812	507	44	507
	4,333	1,191	47	1,191
<u>Administration and general expenses</u>				
– Communication expenses	2,307	866	52	866
– Others	36,272	2,081	312	2,081
	38,579	2,947	364	2,947
	46,227	7,036	871	7,034

notes to the financial statements

for the financial year ended 31 December 2005

43 INCOME FROM ISLAMIC BANKING BUSINESS (CONTINUED)

(d) Taxation

	Group	
	12 months year ended 31.12.2005 RM'000	18 months period ended 31.12.2004 RM'000
Malaysian income tax		
– current year	(19,012)	–
Deferred taxation	1,660	21,179
	(17,352)	21,179

(e) Disclosure of Shariah Advisor

The subsidiary of the Bank, RHB Islamic Bank has engaged the services of a Shariah Advisory Council which comprise of four qualified Shariah professionals. The main duties and responsibilities of the Shariah Advisory Council is to provide consultancy service on the conformance with Shariah principles in the areas of:

- (i) Bank's practice/operations/legal documentation
- (ii) New product proposals
- (iii) Theme/mode/media/message in advertising/promotional activities
- (iv) Computation of zakat
- (v) Roadshows conducted in selected areas on 'as-need' basis

44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27 February 2006.

statement by directors

pursuant to section 169 (15) of the companies act, 1965

We, Azlan Zainol and Abdullah Mat Noh, being two of the directors of RHB Bank Berhad state that, in the opinion of the directors, the financial statements set out on pages 65 to 163 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Bank as at 31 December 2005 and of the results and cash flows of the Group and of the Bank for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

On behalf of the Board in accordance with a resolution of the Board of Directors dated 27 February 2006.

AZLAN ZAINOL
CHAIRMAN

ABDULLAH MAT NOH
DEPUTY CHAIRMAN

Kuala Lumpur

statutory declaration

pursuant to section 169 (16) of the companies act, 1965

I, Rupert Koh Hock Joo, the officer primarily responsible for the financial management of RHB Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 65 to 163 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.

RUPERT KOH HOCK JOO

Subscribed and solemnly declared by the abovenamed Rupert Koh Hock Joo at Kuala Lumpur in Wilayah Persekutuan on

before me :

COMMISSIONER FOR OATHS
Kuala Lumpur

report of the auditors

to the members of RHB Bank Berhad

We have audited the financial statements set out on pages 65 to 163. These financial statements are the responsibility of the Bank'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 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 statements 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 the Bank as at 31 December 2005 and of the results and cash flows of the Group and the Bank for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Bank and by its 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 11 of the financial statements. We have considered the financial statements of these subsidiaries and the auditor's reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank'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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment 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

27 February 2006

RHB Bank branches

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

RHB Bank branches

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
OIC : Norhanizam Bin Jamil
(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

RHB Bank branches

as at 31 March 2006 (continued)

- 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
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

RHB Bank branches

as at 31 March 2006 (continued)

- 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)
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
OIC: (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
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 Witas 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

RHB Bank branches

as at 31 March 2006 (continued)

- 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

RHB Bank branches

as at 31 March 2006 (continued)

- 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

RHB Bank branches

as at 31 March 2006 (continued)

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

RHB Bank branches

as at 31 March 2006 (continued)

- 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
Azhari 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

RHB Bank branches

as at 31 March 2006 (continued)

- 9) **Pontian Kechil**
192, Jalan Bakek
Pontian Kechil
82000 Pontian, Johor
Ismail Salleh
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
Zainudin Bin Abu Hasan
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 Peringgjit Melaka
OIC : Ismail Hj Dali
Tel : (06) 283 5533
Fax : (06) 283 9555

RHB Bank branches

as at 31 March 2006 (continued)

- 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

RHB Bank branches

as at 31 March 2006 (continued)

- 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 Ruzmizi 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. Abdul 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

RHB Bank branches

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
OIC : Wan Husniah bt Wan Abdullah
(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

RHB Bank branches

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

RHB Bank branches

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.

RHB Bank branches

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 Klompot
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, Silom Road, Bangrak
Bangkok 10500
Thailand
Tai Chong Yih
Tel: (66) 02-6312000
Fax: (66) 02-6312018

