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Record Performance By RHB Capital With Net Profit Surpassing RM1.0 Billion

RHB Capital Group recorded a 47% increase in net profit to RM1,048.7 million for the financial year ended 31 December 2008

- Pre-tax profit grew 25% to RM1,422.4 million from RM1,136.9 million
- Net earnings per share increased 36% to 48.7 sen from 35.8 sen
- Gross loans increased by 11.2% to RM63.2 billion
- Net NPL ratio improved to 2.24% from 3.43%
- Net assets per share rose to RM3.63 from RM3.27
- Proposed Final Dividend of 10.6 sen, less 25% tax amounting to RM171.2 million

Kuala Lumpur, 24 February 2009

RHB Capital Berhad ('the Group') recorded a profit before taxation of RM1,422.4 million for the financial year ended 31 December 2008, up 25% compared to RM1,136.9 million recorded in the previous financial year.

The strong financial performance was attributed to continued growth in net interest income, control over operating expenses and lower loan loss allowances.

Net profit rose by 47% or RM335.8 million to RM1,048.7 million compared with the same period in 2007. The repurchase of the minority interest in RHB Bank Berhad ('RHB Bank') last July 2007 provided an additional boost to the net profit of the Group.

Net interest income increased by 6% or RM117.4 million to RM2,216.3 million for the financial year ended 2008 on the back of an increase in loans and advances by 11.2%, a significant improvement from 1.2% recorded in 2007. The lion's share of the loans and advances had been extended for working capital, purchase of residential property and transport vehicles sectors, which accounted for 73% of the Group's total loan portfolio.

Income from the Islamic Banking business was lower at RM281.0 million for the financial year ended 2008, a decline of RM47.3 million or 14% as compared to RM328.3 million recorded in the previous year 2007. The decline was due mainly to a one off capital market transaction gain recorded in 2007 of RM70.0 million. Excluding the one off capital market transaction gain, the Group's Islamic Banking business grew by approximately 9% on the back of an 18% increase in gross loans and advances.

Allowance for losses on loans and financing was lower at RM499.6 million as compared to RM574.1 million recorded in 2007 due primarily to higher bad debts recovered.

For the quarter ended 31 December 2008, the Group recorded a profit before taxation of RM262.0 million, 46% lower as compared to RM488.7 million recorded in the preceding quarter ended 30 September 2008. This was mainly due to higher allowance for losses on loans and financing as more prudent provisioning was made in anticipation of a potential deterioration in asset quality that may be brought about by the global economic slow down, as well as higher other operating expenses as the Group continued to invest into people and new initiatives for sustainable business growth.

As at 31 December 2008, net NPL ratio improved to 2.24% from 3.43% as at 31 December 2007 and loan loss coverage improved markedly to 90% from 71% as at 31 December 2007.

Total customers' deposits as at 31 December 2008 declined marginally by 2% to RM74.0 billion, mainly due to a 4% decrease in fixed deposits, partly offset by an increase in demand and savings deposits by 2% to RM22.6 billion. The Group's loans-to-deposit ratio stood at 85% as at 31 December 2008 as compared to 75% as at 31 December 2007.

As at 31 December 2008, the Group's shareholders' fund strengthened further to RM7.8 billion. Net assets per share rose to RM3.63 from RM3.27 as at 31 December 2007.

RHB Bank, the largest entity within the RHB Banking Group, continued to be the most significant contributor of the Group. For the financial year ended 31 December 2008, RHB Bank recorded a profit before taxation of RM1,285.0 million, an increase of 45% from the previous financial year. RHB Bank remains strongly capitalized with shareholders' equity of



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RM6.3 billion as at 31 December 2008, while its Risk-Weighted Capital Adequacy Ratio was at 12.4% and Core Capital Ratio at 8.5% respectively.

RHB Investment Bank Berhad ('RHB Investment Bank') recorded a profit before taxation of RM135.7 million, 4% higher as compared to the previous financial year given the more challenging and softer capital market condition.

"2008 marks the first full year that the RHB Banking Group has operated under its new Universal Banking Structure delivering its products and services through 4 Strategic Business Units. 2008 proved to be a challenging year underpinned by significant inflationary pressures and adverse capital and treasury markets conditions for the first half of year followed by an unprecedented global financial crisis which saw economic growth globally and domestically slow down significantly. Against this backdrop, the commendable financial performance of the Group in 2008 bears testament to the benefits of the Transformation Program unveiled in 2007". said Mr. Michael J. Barrett, Group Managing Director, RHB Banking Group.

"In view of the strong performance of the Group, and commitment to shareholder value creation; a final dividend of 10.6 sen, less 25% tax has been proposed, which cumulatively, with the interim dividend paid earlier, meets the Company's stated dividend policy of 30% payout of its earnings." said Datuk Azlan Zainol, the Chairman of RHB Bank.

"2009 is expected to be a challenging year for the banking industry given the prospects of a sharper and more prolonged global economic downturn leading to potential threats to asset quality and demand for banking products and services. The GDP growth rate for Malaysia in 2009 is expected to be lower than 2008. However, with the proactive measures undertaken by the Government and Bank Negara Malaysia in the introduction of a stimulus package to cushion the downturn as well as reduction in the interest rates, we are optimistic that there will be continued loan growth and demand for banking products and services, albeit at a slower rate. The Group will remain focused on building its competitiveness and look for opportunities during this more challenging period to move ahead of the competition." he concluded.

Financial Highlights

RHB CAPITAL (RM'000)		
Financial Performance	12 months ended 31 December 2008	12 months ended 31 December 2007
Operating profit before loan loss and allowances	1,932,049	1,882,700
Profit before INCPS dividends and taxation	1,422,449	1,246,510
Profit after INCPS dividends and before taxation	1,422,449	1,136,913
Profit attributable to equity holders of the Company	1,048,734	712,930
Earnings per share (sen)	48.7	35.8
Balance Sheet	As at 31 December 2008	As at 31 December 2007
Gross loans, advances and financing	63,160,774	56,814,102
Net non-performing loans ('NPL')	1,382,161	1,905,028
Net NPL ratio (%)	2.24%	3.43%
Deposits from customers	73,962,224	75,793,231
Total assets	104,532,769	105,154,294



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Equity attributable to equity holders of the Company	7,814,427	7,048,360
Net assets per share (RM)	3.63	3.27

This release contains forward-looking statements such as the outlook for the RHB Banking Group. Although RHB believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct. Actual performance may be materially different from that anticipated or described herein, and RHB Capital's financial and business plans may be subject to change.

A leader in financial services, the RHB Banking Group (Bursa Malaysia: RHBCAP) offers innovation and experience in investment & commercial banking and insurance services & products. The RHB Banking Group has earned numerous awards by industry observers and editors. Today, its managers and staff serve customers via a network of over 200 branches and outlets in Malaysia, Brunei, Thailand and Singapore.

For analyst enquiries, contact:
Yap Choi Foong
Head of Group Investor Relations
Tel: 603-92802489
Email: cfyap@rhb.com.my
Website: www.rhb.com.my

For media enquiries, contact:
Akmal Baqi Mohamed Ariff
Head of Group Corporate Communications
Tel: 603-92802776
Email: akmalbaqi@rhb.com.my