



## Press Releases

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### **RHB Capital Reports 2006 Pretax Profit Before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends of RM940 million Net interest income of RM1.95 billion**

- Net NPL ratio improved to 4.63% on 3-month classification
- Shareholders' funds increases 9.7% to RM4.93 billion
- Asset base grows 14.9% to RM103.3 billion
- Net assets per share rises 9.8% to RM2.70
- Net earnings per share of 24 sen

**Kuala Lumpur, 28 February 2007:** RHB Capital Berhad ("RHB Capital") announced today its performance for the financial year ended 31 December 2006.

For the financial year under review, RHB Capital's ("The Group") consolidated profit before INCPS dividends, taxation and zakat amounted to RM940.3 million, while net profit for the year was recorded at RM438.3 million. This was achieved on the back of total net revenue of RM5.5 billion, up 23.2% from a year ago.

The Group's significant improvement in financial performance can be attributed to a substantial increase in net interest income, which grew 19.6% to RM1.95 billion from the previous financial year of RM1.63 billion and improved contribution from its Islamic banking business. Other operating income also rose 6.2% from the previous year's RM810 million.

During the year, income from RHB ISLAMIC Bank Berhad ("RHB ISLAMIC") amounted to RM236.1 million, an increase of RM88.4 million or 60% from the previous financial year. This sterling performance by the Group's Islamic banking business is a reflection of not only the rapid increase in the demand for Islamic banking products and services, but also an aggressive and successful marketing strategy by the management of RHB ISLAMIC.

RHB ISLAMIC, which has only just completed its second full year as a full fledged Islamic financial institution, has not only made great inroads into the consumer and enterprise banking sectors, but has also arranged some of the bigger investment banking deals.

The Group's gross loans, advances and financing amounted to RM56.1 billion at the end of financial year 2006. This represented an increase of 9.8% from RM51.1 billion as at the end of financial year 2005. Loans for the purchase of transport vehicles, working capital and home mortgages continue to account for the bulk of the Group's loan portfolio, accounting for 75% of the Group's gross loans, advances and financing.

Net NPL ratio continued to improve from 5.11% to 4.63% as at 31 December 2006. With effect from the quarter ended 31 December 2006, the Group's basis for specific allowance has been changed from default period of 6 months-in-arrears to 3 months-in-arrears, in line with non-performing classification of loans, advances and financing. The additional specific allowance due to this change amounted to RM45.5 million for the Group.

The Group's shareholders funds strengthened by 9.7% to RM4.93 billion as at 31 December 2006, while total asset base expanded by 14.9% to RM103.3 billion. RHB Capital's net assets per share improved by 9.8% to RM2.70 compared to RM2.46 as at 31 December 2005.

RHB Bank Berhad ("RHB Bank") remains as the Group's largest profit contributor and achieved a profit before INCPS dividends, taxation and zakat of RM714.6 million for the year, representing 76% of the Group's profit.

RHB Bank remains strongly capitalised with shareholders' equity and INCPS of RM5.7 billion as at 31 December 2006, while its Risk-Weighted Capital Adequacy Ratio was at 11.5%. RHB Bank's core capital ratio stood at 8.6%.

Going forward, RHB Capital remains confident that the Malaysian economy will continue to grow at a healthy pace during the year ahead. This will further improve prospects for continued growth and profitability for the financial services sector in general, and RHB Capital in particular.

Nevertheless, the Group takes cognizance of the increased competition that has resulted in further liberalisation of the Malaysian financial services sector and the entry of more foreign financial services groups into the country.

The Group expects to take these challenges head on and it will ensure further improvements in its delivery channels and cross-selling initiatives as well as strengthening its relationship with its clients to ensure their continued support.



## Press Releases

**Audited Consolidated Results for financial year ended 31 December 2006 for RHB Capital Berhad will be accessible @ [www.rhb.com.my](http://www.rhb.com.my) after midnight 1 March 2007. For easy reference, a table of financial highlights for RHB Capital Berhad is as follows:**

<b>RHB CAPITAL (RM'000)</b>		
<b>Financial Performance</b>	<b>12 months ended 31 Dec 2006</b>	<b>12 months ended 31 Dec 2005</b>
Operating profit	1,686,737	1,311,478
Profit before INCPS dividends, taxation and zakat	940,296	688,868
Profit after INCPS dividends and before taxation and zakat	829,849	578,421
Profit attributable to equity holders of the Company	438,310	315,778
Earnings per share (sen)	24.0	17.3
<b>Balance Sheet</b>	<b>As at 31 Dec 2006</b>	<b>As at 31 Dec 2005</b>
Net loans, advances and financing	53,392,886	48,358,756
Net non-performing loans ('NPL')	2,521,629	2,518,131
Net NPL ratio	4.63%	5.11%
Deposits from customers	57,525,532	49,921,110
Total assets	103,309,975	89,898,249
Shareholders' equity	4,928,039	4,492,555
Net assets per share (RM)	2.70	2.46
NTA per share (RM)	2.06	1.82

*This release contains forward-looking statements such as the outlook for the RHB group of companies. 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's financial and business plans may be subject to change.*

A leader in financial services, the RHB group of companies (Bursa Malaysia: RHBCAP) offers innovation and experience in investment & commercial banking and insurance services & products. RHB has earned numerous awards by industry observers and editors. Today, RHB managers and staff serve customers via a network of almost 250 branches and outlets in Malaysia, Brunei, Thailand and Singapore.

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