



Press Releases

RHB Capital Reports 2005 Pretax Profit of RM689 million

- **2005 net profit rises to RM315.8 million**
- **Net interest income of RM1.6 billion**
- **Net NPL declines to 5.1% on 3-month classification**
- **Shareholders' funds up 7% to RM4.5 billion**
- **Asset base grows 9% to RM89.9 billion**
- **Net tangible assets per share up 9% to RM1.82**
- **Net earnings per share of 17.3 sen**

Kuala Lumpur, February 28, 2006: RHB Capital Bhd ("RHB Capital") announced today its performance for the financial year ended 31 December 2005, the first 12-month period since the change in the group's financial year end from June 30 to December 31.

For the financial year under review, RHB Capital's consolidated ("The Group") profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and *zakat* amounted to RM689.1 million, while net profit for the year was recorded at RM315.8 million. This was achieved on the back of total net interest income of RM1.63 billion, and other operating income of RM782.0 million.

The Group's satisfactory financial performance is attributable to the healthy level of net interest income achieved in financial year 2005, which grew 16% year-on-year if compared to the annualized net interest income of RM1.40 billion achieved for the financial period ended 31 December 2004. The Group's performance also benefited from growth in its loan portfolio, and good contribution from other operating income.

During the year, income from the Islamic Banking business amounted to RM147.7 million. This area of business is now spearheaded by RHB Islamic Bank, which was successfully launched on 16 March 2005. The Islamic banking business continues to offer bright prospects, on the back of increasing demand for Islamic financial services.

The Group's gross loans, advances and financing posted a growth of 8% during the year, rising from RM47.2 billion as at the end of 2004 to RM51.0 billion at end 2005. Financing of residential property, purchase of transport vehicles, and consumption credit, constituted 38% of the Group's loan portfolio.

Lending to the transport, storage and communication sector, and for the purchase of transport vehicles led the overall growth in gross loans, expanding by 117% and 68% year-on-year, respectively.

Whilst a healthy level of growth in its loan base was achieved, the Group remains vigilant and prudent in its lending practice. Effective from the financial quarter ended 30 September 2005, the period of default for non-performing loans ("NPL") was changed from six months to three months, in-line with industry best practices. Despite the more stringent NPL classification, the Group's net NPL ratio declined to 5.1% compared to 6.0% at the end of 2004, which was based on a six-month classification. The NPL decline reflected lower net NPLs from sectors such as manufacturing, construction, and real estate.

The Group's shareholders funds strengthened by 7% year-on-year to RM4.5 billion as at 31 December 2005, while total asset base expanded by 9% to RM89.9 billion. RHB Capital's net tangible assets per share improved by 9% to RM1.82 compared to RM1.67 as at 31 December 2004.

RHB Bank Bhd ("RHB Bank") remains as the Group's largest profit contributor and achieved a profit before INCPS dividends, taxation and *zakat* of RM478.3 million for the year, representing 69% of the Group's profit.

RHB Bank remains strongly capitalised with shareholders' equity and INCPS of RM5.5 billion as at 31 December 2005, while its Risk-Weighted Capital Adequacy Ratio was at 12.6%. RHB Bank's core capital ratio stood at 10.6%.

Going forward, RHB Capital is encouraged by the continued favourable economic conditions in Malaysia, but anticipates keen competition in the financial services industry. Nonetheless, the Group is hopeful of a satisfactory performance in the financial year ending 31 December 2006, and will continue its strategy of market share growth, whilst optimising cost. The Group has lined up a stable of new products and services for this year, and will look to further improve its delivery channels, cross-selling initiatives, and most importantly, strengthen its relationship with clients and deliver improved returns to shareholders.



Press Releases

Audited Consolidated Results for financial year ended 31 December 2005 for RHB Capital Berhad will be accessible @ www.rhb.com.my after midnight Mar 1, 2006. For easy reference, a table of financial highlights for RHB Capital Berhad is as follows:

RHB CAPITAL (RM'000)		
Financial Performance	12 months ended 31 Dec 2005	18 months ended 31 Dec 2004
Operating profit	1,311,478	1,588,104
Profit before INCPS dividends, taxation and <i>zakat</i>	689,096	869,847
Profit after INCPS dividends and before taxation and <i>zakat</i>	578,649	716,932
Net profit	315,778	441,510
Earnings per share (sen)	17.3	24.2
Balance Sheet	As at 31 Dec 2005	As at 31 Dec 2004
Net loans, advances and financing	48,273,708	43,911,737
Net non-performing loans ('NPL')	2,516,956	2,663,832
Net NPL to net loans, advances and financing*	5.11%	5.95%
Deposits from customers	49,921,110	50,167,252
Total assets	89,904,705	82,137,266
Shareholders' equity	4,492,555	4,212,379
Net assets per share (RM)	3.02	2.83
NTA per share (RM)	1.82	1.67

* Effective from quarter ended 30 September 2005, the NPL period of default has been changed from 6 months to 3 months

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.