



Press Releases

RHB Capital rides on strong economic performance to record higher profits in 1st Quarter of 2007

- Profit before taxation and zakat increases 34.5% to RM273.5 million
- Profit attributable to equity holders of the Company surged 44.7% to RM146.3 million
- Net interest income grew 11.1% to RM502.1 million
- Net NPL ratio of 4.56%
- Net tangible assets per share of RM2.14
- Earnings per share of 8.0 sen

Kuala Lumpur, 21 May 2007: RHB Capital Berhad ("RHB Capital") recorded a consolidated profit after Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends and before taxation and zakat of RM273.5 million for the quarter ended 31 March 2007.

This was a 34.5% increase compared to the corresponding period in the previous financial year. The profit attributable to equity holders of the Company rose by 44.7% or RM45.2 million to RM146.3 million compared to the same period in 2006.

The better performance has been attributed mainly to higher operating profit on the back of continuing robust economic growth, partly offset by higher allowance for losses on loans and financing.

During the period under review, net interest income amounted to RM502.1 million, an 11.1% increase over the corresponding period in 2006.

Strong non-interest income coming from higher fee income and foreign exchange gain, growing by 48%, also contributed the Group's improved performance.

The Group's Islamic Banking business continued to record significant growth. For the period under review, Income from Islamic Banking business increased by 19.5% to RM55.8 million, from RM46.7 million recorded in the previous corresponding period. RHB ISLAMIC Bank Bhd, ("RHB ISLAMIC"), which turned two in March, continues to be a leading player in the market, as it expanded its reach further with the opening of a new Marketing Centre in Kuching.

The Group's gross loans, advances and financing stood at RM56.6 billion. The lion's share of the loans had been extended to the working capital, purchase of residential property and transport vehicles sectors, which accounted for 75.8% of the Group's total loan portfolio.

The RHB Banking Group's vigilance and prudence in its lending practice have also ensured that the Group's loan loss coverage remained high at 64.4% during the quarter. The Group's net NPL ratio improved further to 4.56% from 4.63% as at 31 December 2006.

The Group's equity attributable to equity holders of the Company strengthened by 2.8% to RM5.1 billion as at 31 March 2007 compared with 31 December 2006. Total asset base expanded by 5.3% to RM108.8 billion over the same period, while net tangible assets per share improved to RM2.14 as at 31 March 2007.

RHB Bank Berhad ("RHB Bank"), the flagship of the Group, continued to make the most significant contribution to profit. In the quarter under review, the bank achieved a profit after INCPS dividends and before taxation and zakat of RM197.3 million. This accounted for 72.1% of the Group's profit, and represented an increase of 43.9% compared to the same period last year.

The improved performance by RHB Bank can be attributed to the significant growth in its financing assets and non-interest income. These are expected to continue as key earnings drivers for the bank for the rest of the year.

RHB Bank remains strongly capitalised with equity attributable to equity holders of the parent and INCPS of RM5.9 billion as at 31 March 2007, while its Risk-Weighted Capital Adequacy Ratio was at 11.5%. RHB Bank's core capital ratio stood at 8.7%.

Given the more robust and improving economic growth that the country is experiencing now, RHB Capital is confident that the banking sector will benefit directly from the increasingly conducive economic environment.



Press Releases

However, significant challenges are present in the form of increased competition, persistent liquidity and a liberalising operating environment. To overcome these challenges, RHB Capital expects to continue its focus on managing its markets and segment proactively, and re-aligning its product offerings and delivery to provide its customers with comprehensive financial solutions.

While priority will be to continue to expand its product range to achieve greater growth, RHB Capital will also not lose sight of the the need to manage its costs efficiently and to ensure effective risk management.

Una audited Consolidated Results for first quarter ended 31 March 2007 for RHB Capital Berhad will be accessible @ www.rhb.com.my after midnight 22 May 2007. For easy reference, a table of financial highlights for RHB Capital Berhad is as follows:

RHB CAPITAL (RM'000)		
Financial Performance	3 months ended 31 Mar 2007	3 months ended 31 Mar 2006
Operating profit before allowances	461,088	361,130
Profit before INCPS dividends, taxation and <i>zakat</i>	300,735	230,524
Profit after INCPS dividends and before taxation and <i>zakat</i>	273,501	203,290
Profit attributable to equity holders of the Company	146,323	101,141
Earnings per share (sen)	8.0	5.5
Balance Sheet	31 Mar 2007	31 Dec 2006
Gross loans, advances and financing	56,561,970	56,124,508
Net non-performing loans ('NPL')	2,498,928	2,521,629
Net NPL ratio	4.56%	4.63%
Deposits from customers	59,475,204	57,525,532
Total assets	108,775,464	103,309,975
Equity attributable to equity holders of the Company	5,067,365	4,928,039
NTA per share (RM)	2.14	2.06

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 almost 200 branches and outlets in Malaysia, Brunei, Thailand and Singapore.

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