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RHB Capital 1Q Pretax Profit Improves By 14% To RM167 million

Kuala Lumpur, May 25, 2005: RHB Capital Bhd ("RHB Capital" or "The Group") announced today its financial performance for the 1st quarter ended 31 March 2005. Consolidated profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and *zakat* improved by 14% to RM167.5 million while net profit increased by 6% to RM69.7 million from the period 1 January 2004 to 31 March 2004.

Dato Sri Sulaiman Abdul Rahman Taib, Chairman, RHB Group, attributed the Group's improved financial performance to cohesive teamwork from all its staff in marketing the Group's newly launched and current portfolio of financial products and services, as well as executing the many cross-selling initiatives across the Group successfully.

During the period under review, RHB Capital generated a total net interest income of RM334.6 million, an improvement of 7% over the period 1 January 2004 to 31 March 2004, while income from Islamic Banking business was commendable at RM28.3 million. In order to further enhance the institutional structure of the Group's Islamic Banking business operations and taking the opportunity to establish leadership in compliance with regulatory and supervisory standards governing Islamic Banking operations, RHB Capital has incorporated RHB Islamic Bank Bhd.

RHB Islamic Bank Bhd commenced full business operations on 16 March 2005 as it asserts its leadership position to be the first Islamic Banking window operations to become a stand-alone Islamic Bank in Malaysia with more than 700,000 clients and customers.

Strengthened by the Group's strategic impetus and focus on Consumer Banking and Commercial Banking, RHB Capital's gross loans, advances and financing expanded by 6% from 31 March 2004 to RM49.0 billion, with the financing of landed residential property, purchase of transport vehicles and consumption credit now constituting 36% of the Group's portfolio.

RHB Capital's asset quality has continued to show laudable improvement as loan and financing loss provision registered notable declines of 25% as compared to RM85.4 million for the period 1 January 2004 to 31 March 2004.

Supported by the favourable expanding domestic economic environment as well as being underpinned by RHB Bank's effective credit framework and intensive recovery efforts, the Group's net non-performing loans ("NPL") ratio declined to 5.77% as compared to 9.00% as at 31 March 2004. RHB Capital has also continued to strengthen its Group-wide risk management framework to optimise the portfolio of the Group's businesses and exposures.

The Group's shareholders funds increased by 7% from 31 March 2004 to RM4.3 billion while its total asset base expanded by 9% to RM83.5 billion as at 31 March 2005. RHB Capital's net tangible assets per share increased by 10% from 31 March 2004 of RM1.55 to RM1.71 while net earnings per share improved to 3.8 sen for the 1st quarter ended 31 March 2005.

Among the Group's key subsidiaries, RHB Bank Bhd ("RHB Bank") achieved a profit before INCPS dividends, taxation and *zakat* of RM144.7 million during the period under review as it continues to be the Group's largest profit contributor.

Reflecting RHB Bank's strategic focus and commitment to Consumer Banking, it has sustained its momentum by introducing a string of ground breaking new initiatives. During the period under review, RHB Bank unveiled the new standard in priority banking with its RHB Bank 'Infinity Banking', a privilege club membership catering to distinguished clientele with exclusive privileges and services. RHB Islamic Bank Bhd also opened its doors to all customers as it aspires to establish substantive Syariah-compliant relationships with all its clients.

RHB Bank remained strongly capitalised with its shareholders' equity and INCPS amounting to RM5.4 billion as at 31 March, 2005 while the Bank's Risk-Weighted Capital Adequacy Ratio is at a comfortable 14.0%.

On the Group's Investment Banking operations, RHB Sakura Merchant Bankers Bhd ("RHB Sakura") achieved a profit before taxation of RM5.1 million during the period under review. RHB Sakura's subsidiary, RHB Research Institute, is collaborating with Dow Jones Indexes to develop an index of Syariah-compliant companies in Malaysia. The new index would be identified as "Dow Jones-RHB Islamic Malaysia Index" and RHB Sakura would be introducing new Islamic products and services in conjunction with the new index.

Besides RHB Bank and RHB Sakura, the other significant contributors to the Group profits were RHB Delta Finance Bhd, RHB Securities Sdn Bhd and RHB Insurance Bhd. RHB Delta Finance Bhd continued to achieve favourable results with pretax profit of RM10.6 million during the period under review. Against the backdrop of a more moderate market conditions



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and trading volumes on Bursa Malaysia, RHB Securities Sdn Bhd attained a respectable pretax profit of RM5.5 million while RHB Insurance Bhd continued to achieved encouraging results in gross premiums as well as underwriting profits as it registered a pretax profit of RM7.0 million for the period under review.

Dato Sri Sulaiman revealed that the many initiatives introduced during the 1st quarter ended 31 March 2005, including the successful launching of RHB Islamic Bank Bhd, is a reflection of the Group's commitment to establish itself as the premier banking Group in Malaysia as well as the result of the relentless contribution by the staff and strengthened management team.

"RHB Capital has an extensive array of financial solutions and services for our clients and we are continuing to enhance our portfolio of services. We are improving our delivery channels as well as enhancing the effectiveness of our marketing initiatives while deepening our relationship with our clients. These initiatives would form the very foundation necessary for sustained growth that in-turn would also reward our shareholders and stakeholders in the coming years."

Unaudited Consolidated Results for financial period ended 31 March 2005 for RHB Capital Berhad will be accessible @ www.rhb.com.my after midnight May 25, 2005. For easy reference, a table of financial highlights for RHB Capital Berhad is as follows:

RHB CAPITAL (RM'000)		
RHB Capital 3-Months Ended	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Financial Performance		
Operating profit (before loan loss provision)	231,263	231,994
Profit before INCPS dividends, taxation and <i>zakat</i>	167,471	147,058
Net profit	69,705	65,520
Balance Sheet		
Net loans, advances and financing	44,497,408	41,244,759
Net non-performing loans ('NPL')	2,619,057	3,801,313
Deposits from customers	50,168,223	47,094,296
Total assets	83,542,437	76,803,267
Shareholders' equity	4,285,855	4,015,634
Financial Ratios		
Earnings per share (sen)	3.8	3.6
NTA per share (RM)	1.71	1.55
Net NPL to net loans, advances and financing	5.77%	9.00%

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



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observers and editors. Today, RHB managers and staff serve customers via a network of almost 300 branches and outlets in Malaysia, Brunei, Thailand and Singapore.