



Press Releases

RHB Capital Group records 60% increase in net profit to RM493.5 million for first half of 2008

- **Pre-tax profit grows 20% to RM671.8 million from RM615.7 million**
- **Net earnings per share increases 36% to 22.9 sen from 16.9 sen**
- **Net NPL ratio improved to 2.75% from 3.43%**
- **Proposed interim dividend of 9.0 sen less 26% tax**
(First Half 2007: 5.0 sen less 27% tax)

Kuala Lumpur, 28 August 2008

RHB Capital Group (“the Group”) recorded a profit after Irredeemable Non-cumulative Convertible Preference Shares (‘INCPS’) dividends and before taxation and zakat of RM671.8 million for the half year ended 30 June 2008 representing a 20% increase compared to the same period in the previous financial year.

This improved performance was primarily as a result of higher net interest income and lower loan loss allowances.

The Group’s net profit surged by 60% or RM185.0 million to RM493.5 million compared to the corresponding period in 2007 boosted by the repurchase of the minority interests in RHB Bank Berhad.

During the six-month period under review, net interest income amounted to RM1.1 billion, an increase of 5% or RM55.7 million over the corresponding period in 2007. Loan loss allowances declined by over 24% to RM305.7 million for the period under review from RM404.9 million recorded in the same period of 2007.

Income from the Islamic banking business was lower at RM126.7 million for the six-month period, a decline of RM57.4 million as compared to RM184.1 million recorded in the same period of 2007. The decline was due to a capital market transaction gain recorded in the first half of 2007 by RHB Islamic Bank Berhad, which was not repeated during the period under review as the capital markets softened.

In the first six months of 2008, the Group’s gross loans, advances and financing grew by RM2.5 billion or 4.4% to RM59.3 billion from RM56.8 billion as at 31 December 2007. The lion’s share of the loans had been extended for working capital, purchase of residential property and transport vehicles sectors, which accounted for 73.5% of the Group’s total loan portfolio.

As at 30 June 2008, the Group’s net NPL ratio improved to 2.75% from 3.43% as at 31 December 2007. The Group’s loan loss coverage further improved to 81.4% from 71.4% as at 31 December 2008.

Total customers’ deposits remained relatively unchanged at RM75.1 billion, whilst demand and savings deposits increased by 2.2% during the first six months of 2008, and collectively formed 30% of the Group’s total customers’ deposits. The Group’s loans-to-deposit ratio stood at 79% as at 30 June 2008.

The Group’s total asset base stood at RM104.4 billion, while net assets per share rose to RM3.35 as at 30 June 2008. Shareholders’ equity strengthened to RM7.2 billion as at 30 June 2008.

In view of the improved performance of the Group as well as its commitment to continuously look towards increasing shareholder value, the Board of Directors proposed an interim dividend of 9.0% less 26% taxation, amounting to RM143.4 million. This is in-line with its stated dividend policy of a declaration of dividend twice in a financial year.

RHB Bank Berhad (“RHB Bank”), the largest entity within the Group, continued to be the most significant contributor of the Group. In the six months to 30 June 2008, RHB Bank recorded a profit after INCPS dividends and before taxation and zakat of RM589.7 million, an increase of 69% from the previous year corresponding period.

RHB Bank remains strongly capitalised with shareholders’ equity of RM5.9 billion as at 30 June 2008, while its Risk-Weighted Capital Adequacy Ratio was at 12.6% and Core Capital Ratio at 8.6%.

RHB Investment Bank Berhad (“RHB Investment Bank”) recorded a profit before taxation of RM56.4 million, 11% lower as compared with the previous year corresponding period given the more challenging operating environment brought about by the softer capital markets. Despite the challenging market environment, RHB Investment Bank improved its ranking in both the equity and debt capital market league tables.

“The Group expects the challenging operating environment to persist for the second half of the year underpinned by increase external uncertainties, rising inflation and intense competition, we believe that the reinvigorated RHB Banking Group will be well placed to navigate the tougher conditions given the improved financial and operating platform.” said Michael J. Barrett, Group Managing Director.



Press Releases

“The Group continues to reap the benefits of its financial and operational transformation program initiated over the past 15 months in spite of a more challenging operating environment in the period under review, the Group posted a commendable performance with net profits growing over 60% and we are pleased to propose an interim dividend to allow our shareholders to share in the improved performance.” Datuk Azlan Zainol, Chairman of RHB Bank concluded.

Unaudited Consolidated Results for first half ended 30 June 2008 for RHB Capital will be accessible @ www.rhb.com.my after midnight 28 August 2008. For easy reference, a table of financial highlights for RHB Capital is as follows:

RHB CAPITAL (RM'000)		
Financial Performance	6 months ended 30 June 2008	6 months ended 30 June 2007
Operating profit before allowances	965,368	1,040,859
Profit before INCPS dividends and taxation	671,763	615,712
Profit after INCPS dividends and before taxation	671,763	560,942
Net Profit	493,491	308,521
Earnings per share (sen)	22.9	16.9
Balance sheet	As at 30 June 2008	As at 30 June 2007
Gross loans advances and financing	59,304,965	56,814,102
Net non-performing loans ('NPL')	1,590,683	1,905,028
Net NPL ratio (%)	2.75	3.43
Deposits from customers	75,050,616	75,793,231
Total assets	104,355,063	105,154,294
Shareholders' Equity	7,224,638	7,048,360
Net assets per share (RM)	3.35	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.

Issued by Group Corporate Communications Division, RHB Capital Berhad. For more information, please call Eza Dzul Karnain at 012-3420060 or 03-92802552.